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ROYAL COMMISSION  
ON  
TRANSPORTATION

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# ROYAL COMMISSION ON TRANSPORTATION

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THE ROYAL COMMISSION ON TRANSPORTATION

QUEBEC, P.Q.

SATURDAY, AUGUST 2, 1949

THE HONOURABLE W.F.A.TURGEON, K.C. LL.D. - CHAIRMAN

HAROLD ADAMS INNIS - - COMMISSIONER,

HENRY FORBES ANGUS - - COMMISSIONER.

- - - - -

G. R. Hunter,  
Secretary.

P. L. Belcourt,  
Asst. Secretary.

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THE CHAIRMAN: Very well, Mr. Desmarais.

MR. DESMARAIS: Monsieur le Président, l'honorable Charles E. Power, ici présent, aurait quelques remarques à faire à la Commission.





Hon. Mr. Power

HON. MR. POWER: Mr. Chairman and members of the Commission, permit me to greet you and your associates in the name of the city and district of Quebec.

I would like to say to you, Mr. Chairman, that in your capacity as the oldest parliamentarian here you are welcome to our city. We know of your great services to the city of Quebec in days gone by, and we know of the important work which you are carrying out at the present time.

The city of Quebec, possibly more than any other locality in Canada, requires the assistance and guidance of a commission such as yours.

Strange as it may seem, Quebec is the fastest growing community in eastern Canada. During the past number of years, since I have had the honour of representing the city of Quebec, it has risen in population from something like 90,000 to over 190,000.

It requires the assistance of people who are accustomed to dealing with railway transportation and communication matters.

I regret that, owing to some misunderstanding, or, perhaps, misconception of the functions of this Commission, the city, itself, and the Board of Trade are not represented here today.

There are momentous questions to be dealt with. I know it would be treading on forbidden ground, possibly, to mention the Maritime Freight Rates Act. But I would like to call attention to the fact that the Maritime Freight Rates Act, in its operation has caused serious injury and damage to the trade and commerce of the city of Quebec.





Hon. Mr. Power

In former years, and historically, the south shore of the St. Lawrence was the outlet for the merchants of this district in which they sold their drygoods, provisions, hardware, and so on. But, with the coming into effect of the Maritime Freight Rates Act, the Maritimers - and I have no doubt they would not admit it at the present time - have succeeded in entering into those markets with their food, supplies, provisions, and other goods; they have entered into those markets which, historically, have been the markets of the city of Quebec for generations.

I assume that it would be very difficult to revive any attempt to have the Maritime Freight Rates Act apply to the city of Quebec, and I only refer to this matter in passing.

Then, there was the question of freight rates on grain which agitated the people of Quebec for a considerable period of time. At the present time, I think, grain is being carried past our doors, a distance of some 640 to 650 miles to St. John, for about the same rate that grain is carried to the port of Quebec.

In addition, there are certain urgent questions of present-day importance, such as communications between the north shore and the south shore of the St. Lawrence river. At the present time we have a ferry which is well operated and well run, but which is altogether inadequate to carry the traffic, both commercial and passenger

There is being opened an outlet through the co-operation of the Canadian National Railways, the government of Canada and the government of the Province of Quebec, whereby the vehicular highway is being enlarged on the





Quebec bridge, which is the property of the Dominion of Canada, but under lease, however, to the Canadian National Railways. That vehicular highway, however, is sufficient to carry only commercial and passenger traffic south towards the American border and west, towards Sherbrooke and Montreal.

There is a great need, therefore, for some means of better communication to be found in order to deal with the traffic, vehicular traffic, trucks and so on, which come from the lower St. Lawrence, an area of rapidly growing communities.

There have been questions arise as to whether or not a tunnel should be constructed between the north and south shores, or whether there should be a new bridge connecting the city of Quebec with the city of Levis.

I am not sufficiently familiar with the engineering difficulties involved to deal with that question; but I do know that it is a matter which has agitated the people of this city and of its neighbouring city.

Now, there is a question as to terminals for the city of Quebec. At the present time the railways cross through the heart of lowertown with level crossings, seriously inconveniencing commercial traffic in the city. So the question of terminals would, I think, be something that should be dealt with through the cooperation of the Canadian National Railways and the Canadian Pacific.

All these matters are things which would have been dealt with by the city of Quebec, or possibly by the Board of Trade had they understood just what were the functions of this particular Commission.





I cherish the hope that when their attention is drawn to it, at a somewhat later date they will be prepared to submit briefs on this matter to this honourable Commission.

I have with me here today my colleague, the Member of Parliament for Levis, Mr. Maurice Bourget, who would like to say a word with respect to the matters I have mentioned.

THE CHAIRMAN: Yes, Mr. Bourget.

(French follows)





Monsieur Maurice Bourget, député de Lévis aux Communes.

Monsieur le Président,

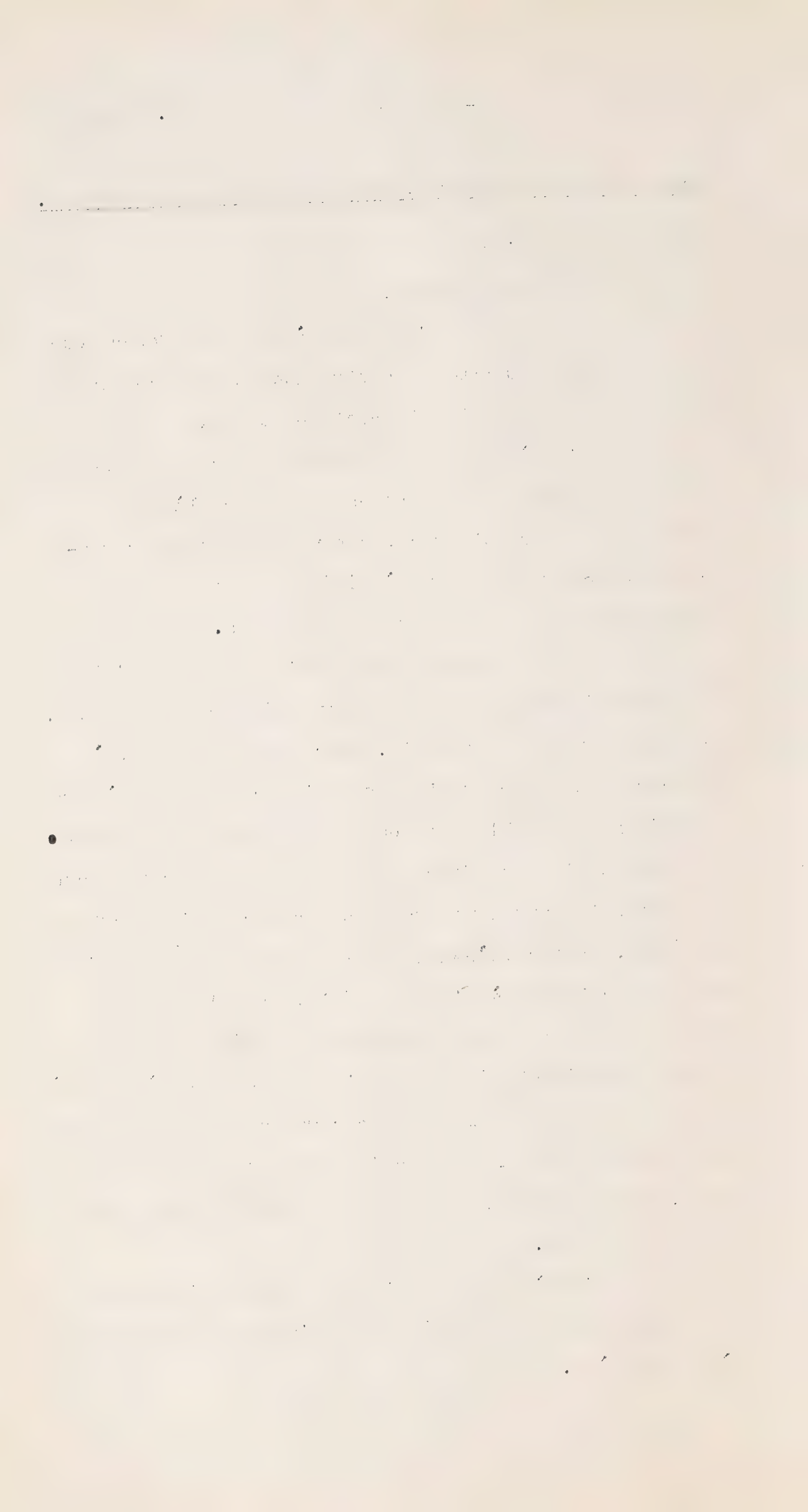
Messieurs les Commissaires,

Je voudrais m'associer à monsieur Power pour vous souhaiter au nom de la rive Sud la plus cordiale bienvenue ici, dans le district de Québec.

J'espère que votre passage et ceux qui sont venus ici ce matin pour présenter les problèmes qui intéressent notre district, seront entendus avec sympathie et que nous aurons à bénéficier plus tard des témoignages qui seront entendus ce matin.

Je ne voudrais pas, et d'ailleurs je n'étais pas préparé pour présenter un long témoignage ce matin, mais simplement je voudrais, avec monsieur Power, à l'occasion de votre visite vous dire que le problème qui se présente actuellement pour le transport entre Québec et Lévis devient de jour en jour plus important et cause de graves inconvénients tant au commerce qu'au trafic voyageur, particulièrement pour les gens de Lévis ainsi que ceux qui sont à l'est de Lévis, dans le comté de Dorchester, Bellechasse, Montmagny et même les autres comtés plus éloignés sur la rive sud qui ont à venir à Québec au point de vue de leur commerce, et que beaucoup de temps est perdu, parce qu'ils sont obligés de perdre deux, trois bateaux, ce qui les retarde de deux, trois heures par jour.

J'espère que je n'ai pas besoin d'insister plus longuement sur la nécessité d'apporter une solution à ce problème.





Je n'ai pas de soumission moi-même à présenter. Monsieur Power, tout à l'heure vous parlait d'un tunnel, d'un autre pont; il y aurait aussi la question d'aménagement de quais qui pourraient peut-être servir pour augmenter le nombre des bateaux qui pourraient être mis en service entre les deux rives. Mais c'est là une question qui demanderait une étude sérieuse, parce que dans les circonstances, je ne crois pas que la position financière de la ville de Québec, ou la position financière de la ville de Lévis ou de Lauzon puisse régler seule ce problème. Nous avons certainement besoin de l'aide des autorités des gouvernements provincial et fédéral, et c'est pourquoi ce matin, je voulais m'unir à monsieur Power, pour vous présenter, bien brièvement, ce problème qui mérite une étude sérieuse; nous aurons un pont, dans une couple d'années, le pont de Québec qui solutionnera une partie du problème, mais étant éloigné de sept, huit milles de Québec et de Lévis, il ne pourra certainement pas apporter une solution adéquate.

C'est pourquoi, à mon tour, et avec monsieur Power, je voudrais vous demander, lorsque vous soumettrez votre rapport au gouvernement, de faire part de cette question importante qui intéresse une bonne partie de la population de la province de Québec, et principalement les populations situées entre Lévis et même jusqu'à Gaspé.

Messieurs, je vous remercie et j'espère encore une fois que vous n'oublierez pas de mentionner aux autorités compétentes le problème que nous avons soumis ce matin, et vous nous remercions.



LE PRESIDENT.

Au nom de mes collègues et en mon propre nom, je remercie monsieur Power de ses paroles de bienvenue, et monsieur le député de Lévis également.

Tous les deux nous ont expliqué quelques problèmes qui confrontent les citoyens de cette partie du pays, Comme l'a expliqué monsieur Power, pour certaines raisons, nous n'aurons pas aujourd'hui l'exposé de ces problèmes en détail, mais peut-être que une prochaine réunion, dans la capitale, à Ottawa, des détails plus intéressants et plus développés nous seront présentés.

Cette Commission existe du fait qu'il a été signalé au gouvernement du Canada que certaines régions du pays sont l'objet de désavantages économiques et géographiques et autres et que par suite elles sont défavorisées par des difficultés de transport.

Voyez-vous, c'est notre seule question; quels que soient les désavantages qui existent, nous ne pouvons porter que des remèdes qui relèvent de la question du transport. Or on nous dit que certaines régions sont défavorisées par des difficultés de transport et des anomalies existant dans l'échelle actuelle des tarifs. Après avoir pris connaissance de ces observations, le gouvernement en a conclu à la nécessité d'une enquête sur les problèmes en jeu afin d'apporter un soulagement partout où la chose est possible et réalisable.

Notre Commission est chargée d'effectuer cette enquête et de faire rapport au gouvernement sur les moyens et remèdes qu'elle jugera à propos de proposer. Le but visé consiste à permettre au gouvernement du Canada d'instaurer des mesures susceptibles de faire servir un





programme national de transport au bien-être économique de tout le Canada.

Il y a autre chose à noter. Notre enquête se borne exclusivement aux problèmes qui sont du ressort du gouvernement fédéral; en second lieu, nous ne sommes qu'une Commission d'enquête; nous ne pouvons pas nous-nêmes imposer des remèdes modifiant les tarifs du chemin de fer; nous ne pouvons que faire des recommandations de portée générale et dans quelques cas de portée particulière et qui demanderont l'action du gouvernement et du Parlement du Canada.

Alors, encore une fois nous remercions ces deux messieurs qui ont bien voulu nous exprimer leurs opinions; je remercie l'honorable M. Power de ce qu'il a bien voulu dire, de même que monsieur le député de Lévis, et maintenant, monsieur Desmarais, nous allons procéder.





The following is a translation of remarks of Mr. Maurice Bourget, M.P. before Royal Commission on Transportation at hearing in Quebec City, August 2, 1949, pages 5270-5273 inclusive of Volume 28. *July 10*

Also: Reply by the Chairman.

I should like to associate myself with Mr. Power in extending to you, on behalf of the South Shore, a most cordial welcome here, in the Quebec District.

I hope your stay will be fruitful and that those who have come here this morning to present the problems that concern our district will be given a sympathetic hearing and that we shall later on benefit by the evidence that will be heard this morning.

I was not prepared to testify at any length this morning but I should merely like to tell you, with Mr. Power, on the occasion of your visit, that the present problem arising in connection with transportation between Levis and Quebec daily becomes more important by reason of the grave inconvenience suffered alike by trade and passenger traffic, especially in respect of the people of Levis as well as of those who live east of Levis, in the counties of Dorchester, Bellechasse, Montmagny and even the other more distant counties on the South shore who have to come to Quebec in connection with their trade, and that much time is lost, because they are compelled to miss two, three boats, a situation that delays them two, three hours a day.

I hope I need not insist at greater length on the necessity of finding a solution for this problem.

Personally, I have no brief to present. Mr. Power spoke to you a moment ago about a tunnel, another bridge; there is also the question of the provision of wharves which could serve to increase the number of boats that could be placed in service between the two shores. However, that



is a question that would call for serious study, because in the circumstances, I do not believe the financial position of either the city of Quebec or of Levis, or that of Lauzon, is such as to make possible a solution of the problem by itself. We certainly need the help of the provincial and federal governments, and that is why this morning I wished to join with Mr. Power in presenting to you, as briefly as possible, this problem that is worth serious study; we shall have a bridge in a couple of years, the Quebec bridge which will solve the problem in part, but being seven, eight miles removed from Quebec and Levis, it will certainly not provide an adequate solution.

That is why, I, in turn, along with Mr. Power, should like to ask you, when you shall present your report to the government, to acquaint the authorities with this important question which interests a large section of the population of the Province of Quebec, especially the populations situated between Levis and even as far as Gaspé.

Gentlemen, I thank you, and I should like to express once again the hope that you will not forget to call the attention of the proper authorities to the problem we submitted to you this morning. We thank you.

THE CHAIRMAN: On behalf of my colleagues and personally, I thank Mr. Power for his words of welcome. I also avail myself of this opportunity to thank the Member for Levis.

Both have outlined to us a few problems that confront the citizens of this part of the country. As Mr. Power explained, for certain reasons, we shall not have today the full exposition of these problems, but perhaps at a coming sitting, in the Capital, at Ottawa, more interesting and





more complete particulars will be presented to us.

This Commission exists by virtue of the fact that it was brought to the attention of the government of Canada that certain sections of the country suffer economic, geographical and other disadvantages and that as a consequence they have to contend with transportation difficulties.

As you see, that is the only question with which we have to deal. No matter what disadvantages prevail, we can only propose remedies that have a bearing on the transportation question. Now, we are told that certain regions are handicapped by reason of transportation difficulties and anomalies in the rates structure. After taking cognizance of these observations, the government concluded in favour of the necessity of an inquiry into the problems involved with a view to provide relief everywhere such relief is possible and feasible.

Our Commission is charged with the task of carrying out this inquiry and reporting to the government on the means and remedies it shall deem proper to propose. The goal in mind consists in enabling the government of Canada to apply measures likely to make a national transportation policy serve the economic well-being of the whole of Canada.

There is one other point that should be kept in mind. Our inquiry is limited exclusively to problems that fall within the province of the federal government; secondly, we are but a commission of inquiry; we ourselves cannot impose remedies altering the railway rates structure; we must confine ourselves to the formulation of recommendations of a general character and in a few cases of a special nature and which





will call for action by the government and the Parliament of Canada.

Hence, once again we thank these two gentlemen who were kind enough to express their views; I thank the Hon. Mr. Power for what he said, and also the honourable member for Levis. And now, Mr. Desmarais, we shall proceed.

- - - - -



MR. DESMARAIS: The first brief to be presented this morning is that of the Canada & Gulf Terminal Railway, and the counsel appearing for them are the Hon. Charles G. Power, K.C., and Mr. W. P. Power.

I believe that Mr. W. P. Power will read the brief into the record at this time.

MR. W. P. POWER, Called

THE WITNESS: Mr. Chairman and gentlemen, the present brief is submitted on behalf of the Canada & Gulf Terminal Railway, a company duly incorporated by a Special Act of the Legislature of the Province of Quebec, 2 Edward VII, 1903, under the name of "The Matane & Gaspé Railway". It has as its purpose the repeal of the Subsidy Act 1903 as amended and respectfully petitions the Commission to recommend the said repeal to the Minister of Transport.

History

The Canada & Gulf Terminal Railway was incorporated in 1902 by a Special Act of the Quebec Legislature under the name of "The Matane & Gaspé Railway". Its trackage was to extend eastwards from St. Octave to Matane and eventually to Gaspé Basin. In 1909 its name was changed to the present one and its western terminus was established at St. Flavie where it was to intersect with the Inter-colonial Railway.

As was the case with most railway enterprises, the Canada & Gulf Terminal Railway encountered many difficulties in the financing and building of its line of railway. The Federal Government of that time however seemed to view railway construction favourably and





implemented this view in concrete fashion by passing a series of subsidy acts designed to provide financial assistance in the building of the various railroad lines to which these acts were extended.

In 1903, the provisions of the Subsidy Act, 3 Ed. VII, were extended to The Matane & Gaspé Railway, the predecessor of the present company. In 1906, the Subsidy Act was amended for the purpose of substituting the recently established Board of Railway Commissioners as the final rate fixing body provided for the Act in lieu of the Governor in Council. Finally in 1908 the Act was amended in so far as The Matane & Gaspé Railway was concerned in order to extend its provisions to further trackage which the Company had been or was to be authorized to build; that is, a further eight miles, forming a total of thirty-eight miles to which the provisions of the Act applied.

The Subsidy Act 1903 as amended from time to time provided for the grant of a certain fixed sum of money per mile of trackage built or to be built by the subsidized railway company. The Canada & Gulf Terminal Railway received approximately \$210,000 in virtue of this provision.

The Act also determined the obligations which were to be assumed by the subsidized railway companies in compensation for the sums received. These obligations were outlined in section 7 of the Subsidy Act 1903, which reads as follows:

"Every Company receiving a subsidy under this act, its successors and assigns, and any person or



Company controlling or operating the railway or portion of railway subsidized under this Act, shall each year furnish to the Government of Canada transportation for men, supplies, materials and mails over the portion of the lines in respect of which it has received such subsidy, and whenever required shall furnish mail cars properly equipped for such mail service; and such transportation and service shall be performed at such rates as are agreed upon between the Minister of the Department of the Government for which such service is being performed and the Company performing it, and in case of disagreement, then at such rates as are approved by the Governor in Council; and in or towards payment for such charges the Government of Canada shall be credited by the Company with a sum equal the 3% per annum on the amount of the subsidy received by the Company under this Act."

The provisions of Section 7 of the Subsidy Act 1903 were retained in all succeeding Acts, with the sole exception as herein above outlined that the Board of Railway Commissioners was substituted for the Governor in Council as the final rate fixing body in case of disagreement as to rates between the relevant minister of the Crown and the railway company in question.

Following the granting of the subsidy and the completion of its line, The Canada & Gulf Terminal Railway proceeded to carry the mails and to perform other services for the government in accordance with its obligations as fixed by the Act. Unfortunately during the years intervening between its completion and its reorganization in





1948, this Railway Company was beset by many difficulties not the least of which was financial. In point of fact it remained in the hands of the contractors who built it in order that these latter might have some opportunity of recovering the sums owed them for its construction, and in 1948 was finally sold by the latter to a group of local business men who are presently making every effort to reorganize it upon an efficient and profitable basis.

In the administration of the provisions of Section 7 of the Act, government departmental practice was to withhold payment of sums due to the railways for services to each individual department and to pay the said sums directly to the Department of Finance. In course of time all government departments, except that of the Postmaster General, abandoned the practice entirely as being too cumbersome and involving too much in the way of book-keeping, so that the railways subject to the provisions of the Act were in fact by tolerance relieved from their financial obligations to departments other than the Post Office Department.

In 1919 this relief was confirmed and completed at least in so far as certain lines of railway were concerned by an order from the Deputy Minister of Finance instructing the Post Office and other departments to ignore the provisions of the Subsidy Act in so far as these certain lines were concerned on the ground that these lines had become part of the Canadian National Railways and that it was only a matter of inderdepartmental bookkeeping.

#### Argument

The purpose of this brief is the repeal of the



Subsidy Act 1903 as amended. It is your Applicant's contention that the Subsidy Act 1903 as amended is obsolete, that it is administered in a discriminatory manner and that at least in so far as your Applicant is concerned this discrimination is enhanced by the fact that the only Department which is at all presently concerned with it has chosen to ignore certain essential conditions therein set forth.

The Act is obsolete. It served its purpose during the years prior to the first world war when the financial assistance provided by it made possible the construction of many of the railway lines which are presently essential to the national economy. Today, however, it is an anachronism - a relic of a former age. Actually, no new railways have been subsidized under its provisions since 1913.

And in fact, this very obsolescence is in itself discriminatory since the railways which have received subsidies from the government under more recent acts are not bound by the onerous perpetual and inextinguishable conditions imposed upon their competitors by the former Act.

The Subsidy Act 1903 as amended is administered in discriminatory fashion. It is not your Applicant's intention at the moment to discuss the legality of the method of establishing rates adopted by the Post Office. However, as have been previously pointed out, it had become the practice of the Post Office Department under this Act to retain all sums due the railroads, which totalled less than the amounts due by these railroads to the Government in virtue of Section 7 of the said act. These amounts were





paid directly to the Department of Finance by the Post Office Department.

For example, The Canada & Gulf Terminal Railway was granted a subsidy of \$210,000. Under the terms of section 7 of the Subsidy Act it was obliged annually to credit the Government with an amount equivalent to 3% of this sum, that is to say approximately \$6,000. At the end of each year, the railway would forward to the Department concerned a bill for services rendered. When the amount due by the Department was less than the \$6,000 credited to the Government, the Department in question would make payment not to The Canada & Gulf Terminal Railway but directly to the Department of Finance. However, should there be any surplus over and above the \$6,000 credited to the Government, then such balance would be paid the Canada & Gulf Terminal Railway. Since all departments except the Post Office considered that this procedure involved considerably more trouble than it was worth, they abandoned it.

In 1919, however, by the Deputy Minister of Finance's order hereinabove referred to, a number of the railways subject to the provisions of the Act were freed from their obligations to the Post Office Department. These particular railways were thus released from all their financial obligations towards the Government under the Subsidy Act while certain others, not so fortunate, were not. This order clearly created a privileged class of railway and was discriminatory to the other railways still burdened by the obligations imposed upon them by section 7 of the Subsidy Act; and this is particularly



true of your Applicant's case since, as has been pointed out already, it was in desperate financial difficulties."





It does not appear that an agreement as to postal rates was ever reached between the Post Office Department and The Canada & Gulf Terminal Railway nor was the matter of rates as between these two parties ever submitted to the Board of Commissioners for its decision. It is clear therefore that the rates applied to the carriage of mails were those fixed by the Postmaster General. It is not known exactly how these rates were established prior to 1922, but in that year by Order-in-Council P.C. 1896 of the 13th of September 1922, rates for the carriage of mails in Canada were passed by the Governor General in Council on a recommendation of the Postmaster General, and these rates were destined to apply to all steam railways in Canada.

Your Applicant is a provincial railway and is therefore not subject to federal jurisdiction. It therefore considers that the only relationship between itself and the Federal Government is the contractual one established between the parties by virtue of the Subsidy Act 1903. Under this Act, as has already been outlined, it was granted a subsidy of \$210,000 and, in return, bound itself to perform certain services for the Federal Government.

Under the terms of this contract, however, the various departments of the Federal Government were also bound by certain obligations and in particular that of reaching an agreement as to rates for the carriage of men, supplies, materials and mails with the railway or, in default of such agreement, to submit the matter to the Board of Railway Commissioners for decision.



As has already been pointed out, the Post Office Department has chosen to ignore this obligation in favor of an arbitrary and unilateral rate fixing procedure.

In other words the Post Office Department, the only branch of government now enforcing the Subsidy Act, has used the provisions of the Act for the purpose of retaining and transferring amounts due to the Railway to the Finance Department without giving to the Railway the right to appeal to arbitration of the Board of Railway Commissioners with respect to fixing of rates for the carriage of mail as provided in the Act.

#### Conclusion

To sum up, the Subsidy Act 1903 as amended is prejudicial to the best interests of the generality of Canadian railways subject to it and particularly to those of your Applicant because

- 1) It is obsolete;
- 2) Certain lines which received equal if not greater benefits are not subject to it;
- 3) It is not being applied to all railway lines to whom its provisions originally extended;
- 4) It is not being applied by all departments of Government;
- 5) The practice of the Post Office Department in arbitrarily and unilaterally fixing rates for the carriage of mails so low as to preclude the railways from earning sums equal to the annual amount due to the government under the Act, constitutes a hardship for the railways;



6) The aggregate amounts collected from all the railway lines still subject to the Act is infinitesimal taking into consideration the enormous financial operations of the major railways and the government.

SPECIFICALLY IN THE CASE OF THE  
CANADA & GULF TERMINAL RAILWAY COMPANY

It is in the public interest frequently recognized that the few smaller lines of railway, particularly those which the Government Railways do not want to absorb should be given every encouragement to be placed on a paying basis so as to serve the public efficiently.

This particular railway company has recently had its finances reorganized so as to wipe off a substantial part of its debt. The Government of Canada should be equally willing to make sacrifices with the bondholders of the railway.

The Government of the Province of Quebec has recognized this situation and has assisted in the financial operations.

The request to the Dominion Government to wipe out the obligation under the Subsidy Act altogether, so as to reduce its obligations as other creditors have permitted it to do, is a fair and reasonable one.

For these reasons therefore, as well as upon the other grounds enumerated hereinabove, your Applicant concludes, and it respectfully begs that the Commission





recommend the abrogation of the Subsidy Act 1903 as amended, to the Minister of Transport together with the further recommendation that the provisions of the Act be suspended until such time as the Act itself is repealed.

MR. DESMARAIS: Mr. Chairman, I understand that the Honourable Mr. Power is ready to answer questions regarding this brief, and I think it would be more convenient if he took the stand.

HON. C.G. POWER, K.C., called.

THE CHAIRMAN: Shall we proceed in French or in English? Have you a French reporter here?

THE SECRETARY: Yes, Mr. Chairman.

THE CHAIRMAN: You may go in French, then -- or just as you like.

EXAMINED BY MR. DESMARAIS:

Q. Mr. Power, at the top of page 2 of the brief you refer to the length of the railway as being thirty-eight miles; is that the present total of the mileage, and was it all built under the Subsidy Act?

A. Yes, this is the present total of it. It was all built under the Subsidy Act. There may be some misunderstanding. The road was to be built originally, proposed to be built, from Rimouski to Matane and then on down the Gaspé coast to Gaspé Basin, but St. Flavie was the station which is now known as Mont Joli, so that where we see in this brief and throughout the statutes authorization to build from St. Flavie to Matane, the authorization was really from St. Flavie



Station, where the junction is made between the Inter-colonial Railway, the old Intercolonial Railway, and the Matane & Gaspé Railway, and it is now known as Mont Joli.

Q. In regard to the payments mentioned in the last line of section 7 of the Subsidy Act, as referred to on page 3, were these payments to be cumulative?

A. No. There is a judgment of the Supreme Court of Canada in 1940 -- I have not the reference here, but it is to be found in the reports of 1940 -- in the case of Quebec Central Railway v. the King, in which the Court decided that these amounts due under the Subsidy Act were not to be cumulative.

THE CHAIRMAN: Q. What year was that?

A. 1940. I will have the reference for you. And, moreover, that the payment would not be due for anything but the particular portion of the railway line to which the Subsidy Act applied; in other words, in this Quebec Central case, the Quebec Central would be X miles long, but the Subsidy Act only provided for subsidies for let us say forty miles out of two hundred miles, and the payments were only due for the subsidies earned on that particular portion of the line and not on the whole line.

Q. At the top of page 3 you refer to the re-organization of the road in an attempt to put it on an efficient and profitable basis. Can you describe briefly just what the reorganization involved?

A. The position of the railway at the time of the reorganization was this, that there were due bonds to the extent of \$1,140,000, first mortgage bonds, 5 per cent,





due 1950. There was interest on those bonds to the extent of \$969,000. Now, under the reorganization the interest was entirely wiped out, and the bondholders accepted \$675,000 worth of bonds, first mortgage, 4 per cent, due 1968. The Provincial Government, the Government of the Province of Quebec, assisted by purchasing the \$675,000 worth of bonds. Now, those bonds, instead of being held by outside bondholders, are now held by the Province of Quebec, so that the Province materially assisted in the reorganization as well as the bondholders, who accepted a lesser amount than that which was due to them as interest and as capital.

Q. During this period of difficulties was there any question of the company going into liquidation, or would there have been any advantage in so doing? Would that have solved the difficulty?

A. I hardly think so. It was operated by the contractors, and I do not know what benefit they would have derived by going into liquidation. In any case, I doubt if under the Act they would have been relieved of this obligation under the Subsidy Act, because it seems to be quite clear by section 7 that, no matter into whose hands the railway passed, they would still be bound by the provisions of the Subsidy Act.

COMMISSIONER ANGUS: Q. Were there any negotiations with the Federal Government at the time of the reorganization about the subsidy?

A. No, I do not think so.

MR. DESMARAIS: Q. In the first full



paragraph on page 3 reference is made to the government departments relieving the railway, subject to the Subsidy Act, from all financial obligations except to the Post Office Department. Could you indicate what these other financial obligations were?

A. Well, under the section quoted, every department of Government would be entitled to have the services of the railway free up to the amount, the aggregate amount, of in this particular instance \$6,000. My information, unofficial information, from the Department of Transport, is to the effect that a great many of the departments found that the book-keeping was far too onerous to make it worth while. Let us say the Department of Agriculture would be shipping seed grain or something down in this district perhaps once a year; it would hardly be worth while for them to make special provision, bookkeeping provisions, in order to deal with that. It might be fifty dollars, or it might be a hundred dollars, or it might be ten dollars. Had the Department of National Defence applied this during the war, or perhaps the Department of Reconstruction and Supply, it might have amounted to a tidy sum, but for years they have not taken advantage of their right, their undoubted right, under the section of the Act.

THE CHAIRMAN: Q. Do you mean that they have simply been paying the rates?

A. They paid just as if there was no obligation to the railway to carry them for nothing up to the amount of \$6,000.



MR. DESMARAIS: Q. Have you any idea how these other obligations would compare with those to the Postal Department in dollar value?

A. Well, with the exception of the extraordinary circumstances arising out of the war -- for instance, Matane was a port where the navy called in, and I have no doubt supplies for the navy were frequently carried on this road. In all probability the Department of National Defence have forgotten all about this; in any case, they did not adopt it.

Q. In the second full paragraph on page 3 you refer to the Department of Finance instructing all the departments to ignore the provisions of the Subsidy Act in so far as the lines taken over by the C.N.R. were concerned. Is not your case somewhat different from that of the C.N.R., where it just means taking money from one department to the other?

A. Well, I do not know just how to answer that. The obligations of those sections or portions of road or former railways still remain the same under the statute, just as the obligations of portions of railway or whole railways which were taken over by the C.P.R., and I am somewhat doubtful, though I hate to put my legal knowledge up against that of the Department of Finance, as to the legality of these proceedings -- by a simple letter from the Deputy Minister of Finance sort of repealing the statute.

Q. Now, are there any other railways in the same situation as this particular railway?

A. I have here figures showing the amount of money





collected by the Department of Finance from these various railways under the Subsidy Act, and that probably will give you some answer. In the last year for which I have them -- I think it is 1946; I will correct that later on -- the C.P.R. made payments amounting to \$86,000; the C.N.R. made payments amounting to -- I have two figures on that -- \$35,000, and another one \$36,981 -- it is in the neighbourhood of thirty-five or thirty-six thousand -- and other railways, which I take to be independent railways, \$11,000. Now, I do not know just where those other railways are situated. I know that the Temiscouata Railway, which is the closest to the one in question, is not obligated under the Subsidy Act, though it received something like \$600,000 in subsidies, but this was after the operation of the Subsidy Act had ceased, after 1913.

THE CHAIRMAN: Q. Do you know the terms of that subsidy? Are there any repayments at all?

A. As far as I know, no. In any case, the Post Office Department -- I have the figures somewhere -- pays directly to the Temiscouata Railway all the moneys that it earns through carriage of mails, and it is, as you know, situated within one hundred miles of the railway, the Canada & Gulf Terminal Railway.

MR. DESMARAIS: Q. In the last two paragraphs on page 4 and the first paragraph on page 5 you deal with the manner in which the interest payment is handled. Am I correct in assuming it is less the way it is handled that you are complaining about, but that what you wish is to be relieved of the annual payment?



A. That is quite true.

Q. What are the total amounts that have been paid by this railway to the Government under the subsidy?

A. I am endeavouring to ascertain that, but I can say that I have the figures here for 1936, 1937 and 1938, and that amounted to less than \$5,000 in those three years, earned by carriage of mails from the Post Office. I can give you the exact figures for those years. Then I notice here that the accounts covering mail services performed during the year 1947 totaled \$2,442. I have been in communication with the secretary of the railway company and he promises to give me in so far as he can the figures back for say twenty years, anyway, but I would say that the average earned would not have been \$2,000 a year.

THE CHAIRMAN: Q. Would not have been \$2,000?

A. Would not have been \$2,000. I doubt if since 1912, in the years since that, they have earned \$100,000.

MR. DESMARAIS: Q. In the first complete paragraph on page 5 you refer to the rate for carriage of mail being fixed by order in council in 1922?

A. Yes.

Q. Does the same rate apply to all the steam railways in Canada?

A. Yes, it applies; and may I say here that there is an application now before the Postmaster General to increase those rates by 55 per cent -- I think the representatives of the C.N. and C.P. will correct me if I am wrong -- I think it is 55 per cent,





and the latest word I have on it is that no decision has been given. Am I right in that? No decision has been given on that.

Q. Now, in the last paragraph on page 6 you say that it is in the public interest that these smaller lines of railway which have not been absorbed by the C.N.R. should be given every encouragement to be placed on a paying basis so as to serve the public efficiently. Are you asking for any more encouragement than the simple abandonment of the interest payment? That is all you are asking for?

A. Yes. The population served there is something now in the neighbourhood of between forty and fifty thousand people, and they depend almost entirely-- not entirely, because there is a great deal of truck traffic -- on this railway, particularly in wintertime when roads are not open. There has been a great improvement in their operating position in the last year, and the railway has spent a great deal of money in betterments. They have purchased diesel engines, they have purchased new passenger cars, and I think new freight cars, they have constructed a freight shed at Matane, and are rebuilding most of the stations along the road.

Q. But you would say that the railway is of considerable importance to the communities which it is serving?

A. I would think so.

COMMISSIONER INNIS: Q. Is it a standard gauge railway, Mr. Power?

A. Yes.



MR. DESMARAIS: Q. As to the question of interest, since this railway is not subject to the federal jurisdiction, who determines the rates that are to be paid?

A. They have recently applied, I think, to the Regis Provinciale, and have had rates fixed. I think I should say that I gather from the file here that the rates on this railway are a little higher than the standard rates for the carriage of freight, the standard rates on the C.N.R., its next-door neighbour.

Q. When you refer to the Regis Provinciale, that is Regis Provinciale de Transport et Communications?

A. Well, I don't know just what the name of it is.

Q. Now, since this railway has been taken over by the business men in 1948, do you know if it has been operating on a profitable or losing basis?

A. I could not tell you actually, but the position is very much improved, and, as I have just said, they are putting back their improved earnings into betterments, because the railway had been allowed to run down considerably; it was not giving really good service.

Q. Now, for the information of the Commission, could you give some figures showing the revenue and the expenditures of this railroad, and the amount of traffic, of freight and passenger traffic, so as to give a more complete picture of what it involves?

A. I haven't that with me, but I will be glad



to obtain it for you.

Q. Will you please file that with the secretary.

A. I will be glad to do that.

Q. And you might also furnish details of the company's assets and liabilities, to give a complete picture of it. Thank you, Mr. Power.

Any other questions to be asked by railway counsel?

THE CHAIRMAN: Just a moment; I wish to ask Mr. Power a question.

Q. The brief says -- and of course it comes out of all that we have been discussing -- that the purpose of the brief is the repeal of the Subsidy Act of 1903 as amended, and then the consequent remedies. Has this matter ever been taken up directly with the Dominion Government in recent years?

A. Not officially.

Q. Not officially?

A. No.

Q. Never been discussed in Parliament?

A. No. I have discussed it unofficially at various times, but there has never been a brief submitted or any official discussion. I have talked it over with the officials of the Board of Transport, also. I do not suppose I should say so, but I do not think anybody cares very much whether it is repealed or not.

MR. DESMARAIS: Q. One more question, Mr. Power. Do you recover the 20 per cent under the Maritime Freight Rates Act?





A. I could not tell you that. I shall have to find that out.

Q. There might be a question of this railroad being under the jurisdiction of the B.T.C.

A. Do we recover?

MR. O'DONNELL: Yes, I think, Mr. Chairman -- I have just been handed this; in the Report of the Department of Transport for the year ended March 31, 1948, at page 103, Appendix No. 11, is a statement showing the amount of the 20 per cent tolls reduction paid under the Maritime Freight Rates Act, fiscal years, to March 31, 1948, and it gives the payments right through from 1927. They total, on the Canada & Gulf Terminal Railway as at that date, \$174,833.03, 1948 being only \$17,118.70, but there is a list of them set out.

COMMISSIONER INNIS: This fear of book-keeping in Ottawa comes as rather a surprise, Mr. Power.

THE WITNESS: I beg your pardon?

COMMISSIONER INNIS: This fear of bookkeeping in Ottawa comes as rather a surprise.

THE WITNESS: I would think so.

COMMISSIONER ANGUS: Q. At the top of page 5, line 5, you speak of "a privileged class of railway"; does that include any railways that are not part of the Government Railways?

A. I would not think so, no. I spoke of the privileged class -- C.N. Railways which were exempt from the operations.



CROSS-EXAMINED BY Mr. McPHERSON, Jr.:

Q. Mr. Power, may I ask you a few questions?

How many stations are there on this line?

A. I would say roughly about seven -- I am not quite sure if I have the information here with me -- six or seven, anyway.

Q. Has the Provincial Government any say now in the operation of the line? You have given in evidence the fact that the Provincial Government is now holding the bonds?

A. Yes.

Q. Have they any voting power?

A. I would not think so; I could not say definitely, but I do not think so.

Q. The Provincial Government has not agreed to make up any losses, to your knowledge?

A. No. I have the list of stations here, if you want them -- one, two, three, four, five, six, seven -- seven stations.

Q. And your personal estimate is that approximately \$2,000 a year has been repaid under the Act since -- was it 1912?

A. About 1912 when they started.

Q. Thirty-seven years; that would be about \$74,000?

A. Yes.

Q. Has been repaid?

A. Right.

THE CHAIRMAN: Thank you, Mr. Power.

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M. DESMARAIS:

Le prochain mémoire est soumis par le Conseil D'Orientation Economique du Saguenay. Si vous le désirez monsieur Grenier, vous pouvez lire votre mémoire.

Monsieur P. Grenier,  
secrétaire du Conseil d'Orientation Economique du Saguenay.

Monsieur le Président,

Messieurs,

Le Conseil d'Orientation Economique du Saguenay est une corporation légalement constituée par lettre patente de Sa Majesté pour la province de Québec, en date du 25 mai 1945.

Le Conseil d'Orientation Economique du Saguenay a le pouvoir de par sa constitution, de représenter la région du Saguenay formée par les comtés de Chicoutimi, Lapointe, Lac St-Jean et Roberval, et les territoires avoisinants.

Le Conseil d'Orientation Economique du Saguenay a reçu, par résolution dans le cours de l'été 1947, de ses directeurs et des corps publics de toute la région, instruction spéciale de s'adresser à la Commission des Transports du Canada et de préparer un mémoire exposant la situation du chemin de fer dans la région du Saguenay.

En conséquence, le Conseil d'Orientation Economique du Saguenay expose à la Commission des Transports du Canada ce qui suit:

M. R. C. Vaughan, président et directeur général du Canadien National, au déjeuner qui marquait la journée consacrée au transport et aux voyageurs de commerce, à l'Exposition Nationale de Toronto, en septembre 1948,



déclarait ce qui suit, se rapportant à l'importance des chemins de fer dans le domaine économique. Nous citons:

"Des chemins de fer actifs et prospères, sont à la base de notre système économique et il importe pour le bien être de tous qu'ils soient en état de maintenir leurs services. Les avions, et les camions ont leur fonction à remplir et ils la remplissent avec efficacité" a continué M. Vaughan, "mais il est ridicule de prétendre qu'il peuvent remplacer les chemins de fer. Le travail à faire est trop considérable., les demandes trop variées et le coût pour le public trop élevé".

M. Vaughan continue en disant que le rôle de l'industrie ferroviaire dans le bien être et le développement de notre pays est indiscutable et que pour chaque dollar placé dans les chemins de fer, il a été créé quatorze fois plus de richesse nationale, soit \$14.00 par dollar investi dans le chemin de fer.

Le Conseil d'Orientation Economique du Saguenay endosse la déclaration de principes du président des chemins de fer Nationaux, car depuis l'établissement du chemin de fer dans la région du Saguenay, vers 1887, cette région a connu un essor nouveau et s'est développée dans le domaine industriel et agricole à un rythme étonnant. Plusieurs villes de la région ont été transformées par le rail et de nouvelles sont nées là où n'existait que la forêt vierge avant l'arrivée de la voie ferrée. La région du Saguenay vivrait encore en économie presque fermée si le chemin de fer n'avait



pas existé. Et aujourd'hui encore, même avec l'avènement du transport par avion, camion, etc., le transport par chemin de fer demeure dans l'économie régionale du Saguenay, utile et indispensable à son progrès et à son développement.

Le Conseil d'Orientation Economique du Saguenay est d'avis que le chemin de fer qui fournit un moyen de transport fiable en tout temps dans la région du Saguenay, n'a pas fait le progrès qui s'imposait au fur et à mesure que la région s'est développée dans le domaine des changements et améliorations à être effectués sur la voie ainsi que dans l'outillage et le roulant, de sorte que les taux de fret sont demeurés élevés et l'économie de la région en a souffert dans son développement industriel, tout particulièrement pour l'établissement de l'industrie lourde. Même les industries déjà existantes, entr'autres l'industrie de la pulpe et du papier, l'industrie du bois ainsi que le transport de certains produits agricoles (Patates, etc) doivent faire face à une concurrence difficile et dans certains cas impossible avec les autres centres producteurs de produits alimentaires.

Le Conseil d'Orientation Economique du Saguenay a déjà eu l'opportunité de faire valoir et exposer devant les membres de la Commission les griefs de tous les corps publics organisés de la région du Saguenay, le 17 **S** septembre, 1947. Vous trouverez dans les dossiers de la Commission des Transports des preuves avec faits et statistiques, dépositions de témoins, etc., qui démon trèrent d'une façon assez éloquente, la situation inadéquate du chemin de fer dans la région du Saguenay pour la desservir convenablement. Plusieurs autorités





du chemin de fer Canadien National sont au courant et reconnaissent le bien-fondé de demandes faites et répétées à maintes reprises depuis de nombreuses années par les différents corps publics, où l'on exprimait l'avis que la réfection du chemin de fer dans la région du Saguenay était un pressant besoin.

Le Conseil d'Orientation Economique du Saguenay considère que, comme toute industrie (et le chemin de fer est une industrie dans son genre), dans l'évolution rapide de nos jours, il est urgent que l'industrie du chemin de fer se tienne à la page en faisant les changements et améliorations qui s'imposent de temps à autre et en se procurant l'outillage et le roulant moderne qui lui permettrait de réduire le coût d'exploitation qui de suite aurait une répercussion sur les taux de fret et d'express ainsi que sur le taux des autres services offerts au public.

Le chemin de Fer Canadien National desservant la région du Saguenay a été construit vers 1887. Le tracé de la voie ferrée, la construction du chemin de fer, avaient été faits pour une population de 28,292 âmes dans les quatre comtés précités (recensement fédéral 1891); ce chemin de fer est conséquemment à peu près le même que lors de son arrivée à Chicoutimi vers 1893, avec ses remparts abrupts et ses courbes difficiles, et doit desservir aujourd'hui une population de \$175,000 âmes ainsi qu'une région englobant plusieurs grandes industries. Ce chemin de fer est le seul dans la région du Saguenay pour communiquer avec Québec, Montréal et au-delà.

La région du Saguenay possède des usines hydro-électriques les plus puissantes du Canada; les usines d'aluminum les plus vastes du monde; son industrie du



papier est des plus développées du Canada; et les produits de ces deux grandes industries de base sont exportés presque à 100%. La région du Saguenay, seconde en importance dans la Province de Québec pour son agriculture, est l'une des plus importantes dans le commerce et l'industrie du bois de construction. Voici, par exemple, la valeur approximative de la production brute des produits de la région du Saguenay, comprenant les comtés Chicoutimi, Lapointe, Lac St. Jean et Roberval. Profuits de pulpe et de papier: 90 millions; produits d'aluminum: 60 millions; produits de l'agriculture: 30 millions; produits de la petite industrie forestère et des bois ouvrés; 10 millions; produits des autres petites industries; 10 millions, Total de la production brute: 200 millions, formant environ 1,500,000 tonnes de produits ou l'équivalent de 50,000 wayons de chemin de fer 30 tonnes. Une valeur de produits de 200 millions, cela commence à compter dans l'économie d'une région de 175,000 de population, soit une valeur de production équivalent à \$1,550,000 par mille de population. Il y a possibilité de doubler et même tripler la valeur de cette production lorsque le potentiel d'énergie électrique de 4 millions de forces sera harnaché, (car environ 2,300,000 le sont présentement) et que nos riches gisements miniers de St. Charles, Lac Albanel et Chibougamou seront exploités.

D'après l'Office de la Statistique Fédéral, on estime à 15 milliards de dollars la valeur de la production brute du Canada pour l'année 1948, et à plus de 3 milliards la valeur des produits canadiens exportés, soit

l'quivalent de \$1,200,000 par mille de population pour





les produits exportés. Si l'on répartit la valeur de la production brute de la région du Saguenay (200 millions) d'après sa population (175,000), on arrive à \$1,150,000.00 par mille de population et pour nos produits exportés, pulpe, papier, aluminum et autres (150 millions) à \$750,000.00 par mille de population ou trois fois <sup>plus</sup>/élevé que pour l'ensemble du pays. Donc, notre région figure avantageusement dans le domaine économique du pays et mérite considération.

Le chemin de fer actuel et le service que donne le Canadien National ne répondent plus depuis longtemps aux besoins de la région du Saguenay. Pendant la guerre, il a fallu supprimer presque entièrement le service des voyageurs pour faire circuler les trains de fret. Des retards se produisent régulièrement dans le transport des marchandises au grand détriment de toute la population. La région du Saguenay, sa population, son commerce, son industrie, son expansion souffrent grandement préjudice de la situation actuelle. Cette région n'a pas le chemin de fer ni le service auxquels lui donnent droit sa situation géographique, sa population, ses industries, son commerce, son agriculture ainsi que les revenus très élevés que le Canadien National retire de cette région. Une réfection de la voie actuelle ou la construction d'un nouveau chemin de fer est absolument nécessaire de même qu'une amélioration radicale dans le service de fret, d'express et des voyageurs. La situation est devenue importante tellement qu'une enquête devrait être faite sur tout le problème du chemin de fer dans la région du Saguenay, Cependant, le Conseil d'Orientation Economique du



Saguenay s'oppose catégoriquement à toute augmentation de taux de fret et d'express pour la région du Saguenay en particulier, même avec des améliorations considérables qui pourront être apportées et ce, en raison des taux de fret déjà trop élevés qui existent dans la région. Nous sommes d'avis qu'on devrait établir un régime tarifaire juste et raisonnable et que l'uniformisation des taux de fret devrait être reconnue dans toute la mesure du possible comme étant le seul moyen d'accorder à toutes les parties du Canada un traitement équitable et comme étant la meilleure méthode de faciliter l'échange des produits entre les diverses parties du pays, d'encourager l'industrie et l'agriculture et de favoriser le développement du commerce d'exportation.

Pour toutes ces raisons et d'autres encore, le Conseil d'Orientation Economique du Saguenay demande à la Commission des Transports du Canada un relevé complet sur l'état physique de la voie ferrée, sur l'état du matériel roulant en lui-même et par comparaison avec d'autres lignes, sur le service et les taux de fret, sur le service et les taux d'express, sur le service des voyageurs, sur l'état des gares et de leurs abords, sur l'insuffisance et la lenteur des trains de marchandises, sur la lenteur à se procurer les chars vides, et qui menace à chaque hiver de paralyser les industries du papier et du bois, sur l'état des passages, à niveau, et sur ce qui pourrait être fait pour les éliminer afin de protéger le public, sur la densité du trafic ferro-viaire, sur les travaux et améliorations nécessaires et tout autre point que la Commission pourra indiquer.



INTERROGE PAR ME DESMARAIS, c.r.

Q Monsieur Grenier, depuis combien de temps êtes-vous secrétaire du Conseil d'Orientation Economique du Saguenay?

R Je suis Secrétaire du Conseil d'Orientation Economique du Saguenay depuis le mois de mai 1949, seulement j'ai été un des fondateurs du Conseil d'Orientation Economique du Saguenay; j'ai toujours été directeur et Président du Comité de la Section Economique du Conseil.

Q Est-ce votre unique emploi dans le moment?

R C'est mon unique emploi dans le moment.

Q Quelle était votre occupation antérieure, monsieur Grenier?

R J'ai été vingt-trois ans avec la Consolidated Paper, comme purchasing agent, et une partie du temps aussi à faire le coût des matériaux par production de tonnes de papier. J'ai laissé cet emploi à la demande de monsieur Sirois qui était président de la Commission d'Assurance Chômage du temps, pour organiser les bureaux de la Commission d'Assurance Chômage dans la région du Saguenay, et le Service Sélectif. Je suis allé chez Price Bros. pour organiser l'embauchage et j'agissais aussi comme Assistant-gérant du personnel et en même temps pour les relations publiques extérieures.

Q Maintenant, le siège social de votre Conseil d'Orientation Economique est à Chicoutimi?

R Oui, monsieur.

Q Quel est le but de ce Conseil d'Orientation?

R Le but de ce Conseil d'après sa charte ici, le





but principal; Le Conseil d'Orientation Economique du Saguenay est une association économico-sociale ayant pour but principal: 1.- d'unir toutes les forces économiques de la région; 2.- d'orienter et de favoriser le développement économique de la région dans le sens de ses destinées et en fonction de ses ressources naturelles, de sa situation géographique et de son facteur humain, afin de lui assurer une prospérité réelle et durable; 3. de représenter cette même région auprès de qui de droit dans le domaine économique, quand il s'agit de questions régionales acceptées par le Conseil. Le Conseil d'Orientation Economique groupe à cette fin les principaux organismes ou entreprises d'ordre régional qui constituent le rouage du système économique du Saguenay, et qui sont fermement décidés à travailler d'un commun accord dans l'intérêt de la région toute entière.

Q           Maintenant, dans le deuxième paragraphe, à la page un de votre mémoire, vous réferez aux territoires avoisinants aux quatre comtés; quels sont ces territoires au juste?

R           Ces territoires avoisinants dont je fais mention comprennent une partie de Charlevoix jusqu'à La Malbaie, généralement lorsqu'on parle du Saguenay, on comprend dans cela une partie de Charlevoix et les territoires de Mistassini, et Chibougamou au nord du Lac St-Jean, qui ne sont pas annexés au territoire mais qu'on inclut dans la région du Saguenay.

Q           Quelle est la population totale de cette région y compris les territoires avoisinants?



Q Environ 250,000 est le chiffre que vous donnez pour la population totale?

R Oui, monsieur.

Q Auriez-vous l'obligeance d'élever la voix, il faut que le sténographe comprenne ce que vous dites?

R Environ 250,000.

Q Maintenant quelle est la grandeur de ce territoire, en chiffres ronds?

R La grandeur du territoire des quatre comtés actuels est de 50,000<sup>milles</sup>/carrés, si on ajoute Mistassini, Chibougamou, on peut tripler, cette grandeur de territoire devrait être 150,000.

Q Avez-vous dit 150,000?

R Oui.

Q Quelle est la topographie du terrain?

R C'est un terrain généralement montagneux, excepté la vallée du Lac St-Jean et alentours du Saguenay. Le Lac St-Jean n'est pas montagneux.

Q Relativement à l'endroit où circule le chemin de fer, quelle est la topographie?

R C'est plutôt montagneux.

Q Combien y a-t-il de milles de voie ferrée dans votre région?

R De Chicoutimi aux limites de Québec, environ, je pourrais dire, avec la partie de Dolbeau, environ 200 milles.

Q Maintenant, à la page trois, ou plutôt au troisième paragraphe de la page un, vous référez à des corps publics; voulez-vous dire quels sont les corps publics; je présume les membres de votre Conseil, voulez-vous en énumérer quelques uns?

R Les cités et villes; la ville de Port Alfred,



Bagotville, Arvida, Jonquièrre, St-Joseph d'Alma, Roberval, Dolbeau, et toutes les municipalités urbaines, les Conseils de Comté, les membres de nos organisations de Chambres de Commerce, et autres organisations de Syndicats Nationaux, et toute autre organisation de portée régionale dans la région.

Q Vous représentez presque tous les corps publics de la région?

R Oui.

Q Est-ce que vous représentez les compagnies?

R Quelques unes: Price Bros, l'Aluminum qui est membre par le fait que la ville d'Arvida est membre; nous avons plusieurs bureaux, la Consolidated Paper et la Corporation des Grossistes de la Région, l'Association des Industriels et Marchands Détaillants.

Q Maintenant, vous réferez à l'autorisation des directeurs et des corps publics du Conseil de s'adresser à la Commission du Transport: est-ce en vertu de cette même autorisation que vous vous adressez aujourd'hui à la Commission Royale d'enquête?

R Oui, c'est en vertu de cette même autorisation; ce n'étais pas une Commission Royale dans ce temps-là, c'était juste les Commissions de chemins de fer qui étaient venus pour voir et pour étudier les plaintes formulées.

Q D'ailleurs vous avez un mandat général d'agir pour le Conseil dans son meilleur intérêt dans des questions comme celles-ci?

R Oui, monsieur.

Q J'ai constaté d'antôt que c'était précisément l'objet de votre charte que vous représentiez partout les





intérêts de la région où ils sont en jeu?

R Lorsque nous avons présenté ce mémoire à la Commission des Chemins de fer, nous avons obtenu une lettre accusant réception des résolutions, et mentionnant bien que nous riprésentions les corps publics. Malheureusement, je ne peux trouver les copies dans le dossier.

Q Je veux simplement vous signaler la différence qu'il y a entre la Commission du Transport, à Ottawa, et la Commission Royale d'Enquête, ce corps-ci.

PAR LE PRESIDENT.

Q Est-ce que cette soumission a été faite à la Commission du Transport à Ottawa?

R Oui, monsieur le Président, le 16 septembre 1947.

Q Avec quelle résultat?

R Nous avons eu des résolutions et des réponses que les améliorations allaient être faites.

Q Vous avez peut-être écrit à la Commission pour avoir une réponse?

R D'après l'exposé de ce mémoire, il devait être pris en considérations ce qu'on a exposé; il s'est fait certaines petites améliorations dans le service, il s'est fait certainement quelques petites améliorations.

PAR ME O'DONNELL, c.r.

Q Les Membres de cette Commission sont allés chez vous écouter vos représentations?

R Oui, monsieur.

PAR ME DESMARAIS, c.r.

Q En cette occasion, votre Conseil a-t-il demandé une réduction des taux de fret pour votre région?



R            Nous avons demandé une amélioration pour les passagers, une amélioration pour les taux d'express, enfin une amélioration de service général.

Q            Vous comprenez bien, la Commission Royale d'Enquête, comme l'a souligné le Président, ne peut être aucunement considérée comme Tribunal d'Appel de la Commission du Transports; il y a une différence?

R            Oui, monsieur.

Q            Maintenant, dans le dernier paragraphe de la première page, vous référez à des paroles prononcées par M. R. C. Vaughan: 'les avions et les camions ont leurs fonctions à remplir, mais il est ridicule de prétendre qu'ils peuvent remplacer les chemins de fer'. Et au paragraphe un de la page deux, vous vous déclarez d'accord avec cet énoncé?

R            Oui, monsieur.

Q            Je présume que l'on peut inférer de la déclaration de M. Vaughan que les diverses formes de transport ont leur utilité et que vu la situation qui existe actuellement, il devrait y avoir une politique nationale du transport; avez-vous quelques idées à exprimer à ce sujet?

R            Oui, monsieur, ça serait bien, ça améliorerait, il y aurait de quoi à améliorer la situation en autant qu'il y a moyen...des moyens d'entente entre les provinces et le fédéral.

PAR LE PRESIDENT.

Q            Est-ce qu'il y a service de camions dans votre région?

R            Oui, monsieur.



PAR ME DESMARAIS, c.r.

Q D'après vous, parlant généralement, en quelques mots, quel transport devrait être assigné aux camions, aux autobus et chemin de fer; comment pensez-vous que le transport puisse se diviser?

R A mon avis, la politique nationale de transport devrait être en matière ferroviaire; quant au transport par camion et autres, c'est assez difficile d'enlever l'autonomie de la province sur ce rapport; c'est elle qui construit les routes et s'occupe des frais d'entretien.

Q Maintenant, croyez-vous qu'il serait avantageux de co-ordonner de quelque façon ces diverses formes de transport, afin que chaque service soit assigné à la tâche qu'il peut accomplir le plus efficacement et le plus économiquement?

R Cela pourrait aider.

Q Seriez-vous d'opinion qu'il serait avantageux d'avoir telle coordination dans tels services?

R Oui, la coordination, a toujours sa place n'importe où.

Q Maintenant, vous avez souligné les difficultés qui se soulèvent immédiatement vu que les chemins de fer sont sous la juridiction fédérale et que le transport routier est sous la juridiction provinciale; croyez-vous qu'il y a possibilité de trouver une solution à cette difficulté?

R La difficulté serait certainement assez ardue à rencontrer pour la raison que je signalais, vu la situation géographique prise en considération, tout de même avec la bonne volonté de chacun....

Q Maintenant, il a été suggéré dans certains mémoires dans d'autres parties du pays, qu'une commission





de co-ordination des divers services de transport soit créée et que le fédéral et les provinces soient représentés sur cette commission; avez-vous une idée à exprimer sur ce sujet?

R Si une telle commission était créée la province devrait être représentée...

Q Dans la première page de votre mémoire à la quatrième ligne, vous mentionnez que le rôle de l'industrie ferroviaire dans le développement de notre pays est indiscutable; alors vous semblez parfaitement d'accord avec ce que disait Mr. Vaughan?

R Il est indiscutable que notre région, depuis l'avènement du chemin de fer s'est développée.

Q Maintenant cette déclaration infère que les compagnies de chemin de fer exercent une influence considérable dans le développement du pays; êtes-vous d'opinion que cette influence a été exercée pour le bien-être général?

R Cette influence n'a pas été exercée chez nous en notre faveur, par contre, il y a d'autres centres plus favorisée que nous, tels que Montréal avec Toronto, et d'autres, Sherbrooke-Montréal.

Q Maintenant, dans votre mémoire vous semblez soutenir que le premier développement qui a été donné à votre région, l'a été par le chemin de fer; est-ce que le chemin de fer a continué à contribuer au développement de votre région au même degré au cours des dernières années?

R Non, est il est absolument clair, c'est l'avis de toute la population que le chemin de fer n'a pas...que les chemins de fer ne se sont pas tenus à la page ou n'ont pas fait les développements ou les changements ou les



améliorations qui s'imposaient; au point de vue industriel et économique la région du Saguenay s'est développée.

Q Maintenant dans le deuxième paragraphe de la deuxième page vous mentionnez que le chemin de fer fournit un moyen de transport fiable pour le Saguenay. Voulez-vous dire fiable en tout temps de l'année?

R Oui, surtout pour la marchandise lourde.

Q Maintenant, votre région est également desservie, je présume, par d'autres moyens de transport, camions, autobus?

R Oui, monsieur.

Q Est-ce que ces diverses formes de services sont en opération l'année entière?

R Aujourd'hui l'année entière, excepté la navigation.

Q Je comprends qu'il existe une certaine route entre Québec et Chicoutimi, soit le Boulevard Talbot?

R Oui, monsieur.

Q Quelle est la distance entre Québec et Chicoutimi par le Boulevard?

R Environ 135 miles.

Q Et par la voie ferrée?

R 225 milles, Chicoutimi-Québec.

Q Est-ce que l'on peut présumer que cette nouvelle route accroîtra le transport routier d'une façon assez considérable?

R Oui, monsieur.

Q Quelle est actuellement la proportion du transport de marchandise effectué par camion dans votre région?

R Elle est considérable, elle est assez considérable, ce serait assez difficile d'avancer un chiffre; je crois que ce serait dans les environs de 25 à 30% dans



le trafic léger.

Q Maintenant, quelle est la proportion de transport de passagers effectuée par autobus?

R Autobus et avion, 75% de passagers dans le cours de l'été qui utilisent le service d'autobus et d'avions.

Q Est-ce que cette proportion est la même en hiver?

R Peut-être moins prononcée l'hiver.

Q Maintenant, quant à la navigation, est-ce que le service est ouvert l'année durant ou seulement durant quelques mois?

R 6 mois, de mai à novembre.

Q Quelle est la nature des marchandises qui sont transportées par bateau?

R Ce serait le papier dans le courant de l'été, les compagnies de papier prennent avantage des bateaux, de la navigation, pour transporter le papier dans le cours de l'été; il y a aussi les produits nécessaires à la fabrication de l'aluminium, qui sont souvent transportés par navires et aussi certains produits de bois de pulpe.

Q Est-ce que cela représente une grosse proportion du trafic, du transport?

R Peut-être 50%.

Q Etes-vous d'opinion que le transport routier et l'avion, peuvent éventuellement, en grande partie, remplacer le trafic du chemin de fer dans votre région?

R Si on ne fait pas des améliorations sensibles, si on ne raccourci pas la voie afin de diminuer les taux, et de donner un service plus rapide, certainement la concurrence va devenir de plus en plus grande et le chemin





de fer sera certainement délaissé au point de vue voyageurs.

Q           A la page 2, paragraphe 2, vous mentionnez que "le chemin de fer n'a pas fait les progrès qui s'imposaient et n'a pas effectué les changements et améliorations nécessaires", et ensuite, à la dernière page, dans le dernier paragraphe, vous énumérez divers items qui nécessiteraient des améliorations; auriez-vous l'obligance de donner des précisions sur ces divers items, par exemple, vous mentionnez sur le service et les taux de fret; pouvez-vous donner des détails pour préciser sur ces items, et ensuite sur les autres?

R           La longueur du chemin, avec les wagons, la lenteur du service, nécessitent nécessairement une amélioration, car même si le transport par camions semble plus élevé, il y aura certainement toujours une grosse concurrence parce que, prenez pour la vitesse des trains, nous avons un train de Québec-Chicoutimi, qui marche sur une moyenne de 26 milles à l'heure; celui de Montreal-Chicoutimi marche aussi sur une moyenne de 26 milles à l'heure; c'est à peu près la même vitesse pour les deux; Québec-Dolbeau, marche à une moyenne de 22 milles à l'heure, et jusqu'à Dolbeau, 27 milles à l'heure; si on compare avec Montréal-Toronto, vous avez 53 milles à l'heure; Montréal-Halifax, vous avez 28 milles à l'heure, c'est une longue distance; Montréal-Québec, 47 milles à l'heure; Montréal-Ottawa, 48, Montréal-Sherbrooke, 37, c'est la vitesse de ces trains-là; comparez-les avec celle de notre région.



Q Est-ce que vous faites une référence à tous les trains ou à des trains de passagers ou à des trains de fret?

R Je parle de trains de passagers.

Q Vous parlez de la lenteur des trains entre Québec et Chicoutimi, ce qui occasionne la lenteur des trains de passagers comme des trains de marchandises, vous savez que ce chemin de fer dans votre région passe à travers un district excessivement montagneux?

R J'ai ici quelques shipments en 1947, qui sont partis de Grandes-Piles et il y a des chars qui ont été laissés en cours de route, de Grandes-Piles à Chicoutimi, cela a pris 13 jours; vous avez Lévis à Chicoutimi, cela a pris 18 jours; de Montmagny à Chicoutimi, 11 jours; de Montréal à Chicoutimi, 7 jours; 10 jours; 9 jours; 10 jours; 10 jours; si vous voulez vérifier, j'ai les chiffres ici; cela se passait en 1947. De Toronto, 13 jours; 21 jours; 25 jours; etc., cela vous donne une idée de la lenteur du transport dans la région et les gens ont une tendance à se servir des camions afin d'avoir la marchandise le plus tôt possible.

Q Vous semblez avoir des cartes comparatives avec d'autres régions, quant à la vitesse des trains; je me demande s'il n'y aurait pas lieu de produire ces cartes?

R Je peux vous laisser la copie, quitte à vous en faire parvenir copie supplémentaire un peu plus tard.

Q Alors, vous pourriez peut-être, si vous avez d'autres documents, les produire ensemble, avec d'autres Exhibits plus tard à la fin de votre témoignage. Vous



mentionnez également à la même page au milieu du deuxième paragraphe, que comme conséquence de cet état de choses, les taux sont demeurés élevés; avez-vous fini d'énumérer les plaintes sur les services de taux de fret?

R Sur la question des taux de fret, j'ai quelque chose de comparatif avec les taux des autres régions. Nous avons par exemple, j'ai ici des taux comparatifs entre Toronto-Montréal 350 milles, sur les classes régulières, 1, 2, 3, 4, 5, \$1. 87, 76, 64 et 50 pour 353 milles de chemin; vous avez les taux Montréal-Chicoutimi, 318 milles de chemin sur les mêmes classifications, 1, 1.31; 2, 1.16; 3, .99; 4, .82 et 5, 65.

Q Je comprends que tout est indiqué dans le tableau que vous avez devant vous dans le moment?

R Oui, monsieur.

Q Si vous le voulez, cela sera produit comme un Exhibits avec tous vos documents?

R Oui, monsieur.

Q Avez-vous d'autres choses à ajouter sur cette question de taux de fret; maintenant sur la question du service des taux d'Express, qu'est-ce que vous avez à suggérer?

R Les taux d'express et de fret en même temps nous devrions avoir un pick-up et sur le fret la même chose; nous ne l'avons pas dans la région; vu que nous ne l'avons pas dans la région, prenez une marchandise qui part de Shawinigan, on doit ajouter .30 cents pour payer le charratier vu qu'on n'a un pick-up pour le délivrer; si on l'avait, ces deux taux-là de chaque côté seraient éliminés.





Q           Maintenant, vous référez au service des voyageurs, avez-vous quelque chose à ajouter à ce qui est indiqué dans votre mémoire?

R           Oui, pour le service des voyageurs, les chars ne sont pas confortables; vous avez par exemple la propreté dans les wagons; à bord on n'a pas les chars à l'air climatisé, nous n'avons pas de chars d'acier, la voie est tellement mauvaise qu'on ne peut pas dormir sur le train; c'est juste pour se tenir dans le lit, bien juste pour ne pas se jeter à bas; monsieur Sylvestre en a fait l'expérience lorsqu'il est venu siéger à Chicoutimi, et lorsqu'il s'est rendu à Chambord il est retourné le soir à Montréal, sept wagons ont été projetés hors de la rail et il était justement sur un des wagons; de sorte qu'il faudrait amélioration dans la propreté et amélioration sur les voies; faire un service avec les chars nécessaires qui pourraient faire compétition avec les autres moyens de transport, soit l'avion ou le camion et l'autobus.

Q           Je constate également que vous référez à l'état des gares et leurs abords?

R           Les gares sont dans un état assez lamentable, la peinture manque, les salles d'attente, les toilettes en général ne sont pas propres; nous avons aussi les abords qui sont aussi malpropres; les salles d'attentes n'ont pas d'accommodation pour les dames ou les hommes, nous avons ouvert deux gares qui sont passables, celle d'Arvida et celle de Jonquière; malheureusement on n'a que commencé à construire celle de Chambord mais les fondations sont en voie, et la balance des gares, aussi bien celle de Chicoutimi, comme ailleurs, laisse beaucoup à désirer.



Q Vous mentionnez également la lenteur des trains de marchandises, et qu'il y a souvent des chars vides à chaque hiver et d'autres chars qui sont pleins de papier et de bois?

R Oui, à chaque hiver, il y a toujours une pénurie de chars vides et les compagnies de papier en 1947 ainsi que la compagnie de l'aluminium, les compagnies qui font l'exploitation, et l'importation du bois à l'intérieur ou qui ont besoin d'importer autre chose, sont tellement à la gêne et c'est tellement juste qu'ils se demandent s'ils vont fermer d'une journée à l'autre.

Q Cela se répète à tous les hivers, est-ce une impossibilité d'avoir des wagons vides?

R On nous donne toutes sortes de raisons; les wagons sont dans l'Ouest, il y en a qui sont allés aux alentours de Montréal et que l'on va faire diligence autant que possible pour les transférer, et cela met tout le monde dans l'inquiétude; les compagnies comme les autres, et les travailleurs qui sont supposé manquer de temps dû à cette pénurie de wagons vides, et le monde durant tout ce temps-là est sur les épines.

Q Alors, pour faire suite à ce que vous mentionnez, à la page 2, au paragraphe 2, et comme conséquence de cet état de choses, les taux sont demeurés élevés, croyez-vous qu'il y aurait pu y avoir une réduction de taux dans votre région si les améliorations avaient été faites?

R Nous croyons que les taux aursient pu s'améliorer de nature à pouvoir être sur le même taux uniformément, au moins de Toronto - à - Montréal, pour 353 milles à Chicoutimi, c'est un montant de \$1.31; je crois



que nous sommes d'avis qu'il devrait y avoir moyen d'uniformiser les taux et de les rendre au moins à ce chiffre-là.

Q           Maintenant, à la page 2, dans le deuxième paragraphe, vous mentionnez que même les industries déjà existantes doivent faire face à une concurrence difficile; vous référez à quelques <sup>unes</sup> / des industries de la pulpe et du papier; voulez-vous me donner une idée de la production totale de la pulpe et du papier dans votre région?

R           La production totale de la pulpe et du papier dans notre région, dans les petits moulins à papier, est de 900,000 tonnes par année, ou 300 tonnes par jour; l'aluminion produit 300,000 tonnes par année; la production d'autres industries est d'environ 300,000 tonnes; nous estimons à peu près 500,000 tonnes d'autres produits.

Q           Si vous revenez à la production de la pulpe et du papier, quels sont les marchés pour cela?

R           C'est surtout les Etats-Unis à 90%.

Q           Comment se fait l'expédition?

R           Par char en été et l'été moins dispendieux de faire l'expédition de ces marchandises par eau que par train.

Q           Et par chemin de fer?

R           Quoi qu'on envoie encore dans des parties des Etats-Unis, dans le centre, par chemin de fer, on envoie autant que possible par les navires à tous les ports qui sont accessibles aux Etats-Unis, mais je sais qu'il est plus avantageux pour les compagnies de transporter ou de faire venir leurs marchandises par le système de la





navigation l'été.

Q Est-ce que la situation que vous nous avez décrite tantôt place vos industries de pulpe et de papier dans une situation intérieure à celle de leurs compétiteurs?

R Certainement, vous prenez par exemple des moulins situés dans le bout des Trois-Rivières, l'International, la St. Lawrence ont certainement une situation plus avantageuse parce qu'ils ont une plus courts distance de trajet que ceux de la région du Saguenay pour expédier aux Etats-Unis.

Q Est-ce que c'est simplement une question de distance?

R C'est en même temps une question de taux, de tarifs, on m'a dit qu'il y avait une différence de environ \$1.00 la tonne entre les taux de la Mauricie sur l'expédition du papier aux Etats-Unis avec ceux de la région du Saguenay.

PAR LE PRESIDENT:

Q Au point de vue de chemin de fer, vous ne parlez pas de bateaux?

R Non.

PAR ME. DESMARAIS:

Q Vous réferez à l'industrie du bois, le bois de construction?

R Le bois de construction, surtout.

Q Quels sont les marchés pour ces produits?

R Nous avons un marché pour ces produits à Québec, Montréal et Toronto, et nous avons des expéditions de certaines industries en Angleterre.

Q Maintenant, est-ce que votre situation peut-être affectée au sujet du marché du bois, par la



description que vous avez donnée tantôt, du chemin de fer?

R Oui, surtout en hiver. Lorsque nous expédions le bois en hiver pour exportation de l'autre côté, si on n'a pas les taux de chemins de fer qui se comparent aux autres régions, ça nous fait tort de ce côté-là.

Q Maintenant, vos produits agricoles, quels sont les principaux?

R Nous avons les animaux vivants, et nous n'avons peut-être pas un assez grand nombre de chars dans le Lac St-Jean, le beurre, le fromage qu'on vend, les patates, le lait, les produits alimentaires et les fameux bleuets.

Q Je réfère aux produits agricoles exportés en dehors de votre région, quels sont les principaux produits?

R Pour la saison d'été, les bleuets c'est le principal produit, peut-être le fromage, mais les bleuets demandent une manutention vite et rapide et je sais qu'on s'organise pour que cet expédition soit maintenant faite par camions ou avions.

Q Jusqu'ici, le transport des bluets était fait par chemin de fer?

R Oui, monsieur.

Q C'est une production assez considérable?

R D'après une petite enquête qu'on a faite il y a 3 ans, là où on a eu une belle production de bluets dans la région, nous avons expédié jusqu'à 500 chars de bluets par saison. Dernièrement, je recevais à mon bureau des demandes d'acheteurs pour 37, 25 chars, un autre de 50.

Q C'est le plus gros centre de production de bluets de la Province?

R Oui, monsieur.



Q Vous n'avez pas beaucoup de concurrence dans d'autres régions?

R Oui, dans l'Abitibi, Terre-Neuve qu'on gèle leurs bluets, mais seulement les bluets de Terre-Neuve me semblent moins de qualité que ceux de la région du Saguenay.

Q Vous réferez également aux pommes de terre dont la production serait assez considérable?

R Oui, nous avons des coopératives de pommes de terre pour lesquels nous avons besoin de plusieurs chars pour l'expédition <sup>un</sup> et/ou de nos directeurs soumettaient au Conseil l'an dernier qu'ils avaient à expédier des pommes de terres aux marchés de Toronto, et ils nous disaient qu'ils ne pouvaient pas rencontrer la concurrence des taux de fret de pommes de terre expédiées dans les provinces Maritimes.

Q Alors, les expéditeurs des Provinces Maritimes, selon vous, seraient des compétiteurs plus favorisés pour la production de la pomme de terre?

R Oui, dans les patates.

Q Maintenant, lorsque vous mentionnez, à la page deux: "les industries existantes", doit-on inférer qu'à cause de la situation que vous mentionnée, il est difficile d'établir d'autres industries dans votre région?

R Peut-être pas des petites industries parce qu'on a toujours les moyens de faire le transport autrement que par le chemin de fer, mais tout de même il est encore préférable de faire cette expédition par le





chemin de fer sur une plus longue distance, car pour une longue distance, les camions ne sont pas pratiques; sur une courte distance, entre les villos, c'est certainement pratique.

Q En haut de la page 3, vous représentez que des représentations ont été faites à la compagnie du chemin de fer Canadien National; avez-vous été informé du résultat de vos démarches?

R Bien, on ne peut pas dire qu'il y a eu rien d'amélioré, certainement il y a eu quelques petites choses, par exemple peut-être le service de fret est donné d'une manière un peu plus satisfaisante aujourd'hui; à présent on peut dire par exemple que c'est seulement de l'entretien qu'il y a eu; quant à l'amélioration, au changement, de développements nouveaux dans la situation existante actuellement, on ne voit rien de sensible qui a été fait.

Q Quelle est la moyenne des wagons de fret qui forme un train dans votre région?

R On va laisser entendre que 30 à 40 wagons est le maximum d'un train qu'on pouvait former, alors qu'on m'a laissé entendre que dans la région d'Abitibi, c'est une région plate, ça va jusqu'à 100 wagons.

Q Dans les dernières lignes du deuxième paragraphe, à la page 3, vous déclarez que ces améliorations pourraient causer une répercussion dans le taux de fret et les autres services; par autres services, est-ce que vous réferez au service de transport routier?

R Non, uniquement les services de chemin de fer.

Q A tout événement, en reliant ces idées-là



est-ce qu'il y a un rapport quelconque entre les taux du chemin de fer et des transports routiers dans votre région?

R Les transports routiers sur une longue distance sont certainement plus élevés que les taux de chemin de fer; seulement si la voie était . . . si on avait une bonne voie, ou une voie d'une longueur équivalente à celle de la route Talbot, 135 milles, je crois qu'on pourrait améliorer les taux convenablement pour ce service.

Q Maintenant, si les taux sont plus élevés par le camion, comment se fait-il qu'on donne préférence aux camions?

R C'est parce qu'ils veulent avoir leurs marchandises, c'est ce qui compte.

Q C'est-à-dire, c'est à cause de la rapidité?

R Oui, monsieur.

Q Quelle différence y a-t-il entre le service de transport par camion et par chemin de fer, entre Québec et Chicoutimi?

R Dans le service de fret, ça peut varier de deux à trois jours, à moins que ça soit envoyé comme un pool car, comme le Tremblay Express, si je n'ai pas mis sur un way-freight, ça peut retarder de quelques jours,

Q A la page 3, au deuxième paragraphe, vous réferez à l'année de 1887, en déclarant qu'il n'y a eu aucune amélioration dans les voies de chemin de fer; est-ce qu'il n'y a pas eu de l'amélioration de temps à autre pour cette voie comme dans les autres régions?

R Peut-être dans le redressement des courbes et



des pentes abruptes, mais nous ne croyons qu'il y ait eu d'améliorations sensibles, même s'il y en a eu.

Q Croyez-vous que l'avènement du transport routier aurait été peut-être une des raisons pour lesquelles ces améliorations n'auraient pas été faites?

R Probablement, le chemin de fer, dans notre région, n'avait pas de compétition, alors peut-être ont-ils eu une tendance à négliger un peu la voie.

Q Le chemin de fer Canadian National est le seul chemin de fer qui opère dans votre région?

R Oui, monsieur, et c'est ce qui nécessairement a développé le transport par camion dans notre région dû au manque de transport rapide dans notre région par le chemin de fer.

Q Maintenant au paragraphe 3, à la page 3, pourriez-vous me donner comme question de détail, les noms de quelques-unes des principales industries que vous mentionnez?

R Il y a L'Aluminum Company.

Q Quels sont les autres?

R L'Aluminum qui manufacture à Ottawa, qui il y a l'Ile Maligne, Saguenay Terminal qui fait le transport à Port-Alfred, il y a la Consolidated Paper à Port Alfred, Price Brothers qui ont trois moulins dans la région de Rivière Bend, Jonquière et Kénogami, il y a le département département forestier qui coupe 500,000 cordes par année; il y a la St-Raymond Paper, La Lake St-John Paper, la Price Brothers Company, les compagnies d'industrie dans les meubles, Saguenay Furniture, l'Industrielle de St-Félicien, il y a la petite industrie des portes et





chassis, nous en avons certainement une quinzaine.

Q Je crois que vous avez énuméré les plus importantes et celles auxquelles vous réferez actuellement, sont les petites industries dont la production se chiffre d'après vous, dans les 10,000,000?

R Oui, monsieur.

Q Quels sont les principaux produits de ces petites industries?

R Le bois, les produits en conserve.

Q Maintenant, quant à ces petites industries, quels sont leurs marchés?

R Québec, Montréal, quelques-unes aux Etats-Unis et Toronto.

Q Maintenant, est-ce que la situation dont vous vous plaignez actuellement, peut avoir effet sur le développement de ces petites industries ou nouvelles petites industries dans votre région?

R Pas tant sur les petites que sur les grandes, parce que vu notre potentiel possible d'énergie électrique qui est de 4,000,000 de chevaux-vapeur et que nous avons dans notre région de riches gisements de mines qui attendent le développement électrique pour être exploités à leur réelle valeur, comme Albanel et Chibougamou, de sorte que nous croyons qu'il y a des développements immenses qui s'imposent, j'ai ici des pamphlets...

Q Des pamphlets qui démontrent les ressources naturelles, vous pourrez peut-être les produire à la fin de votre témoignage, en les annexant à la liste d'exhibits?

R Oui.



Q           Maintenant, vous semblez rattacher le développement futur de votre région au développement du potentiel électrique, jusqu'à cet avènement, croyez-vous que les formes de transport, tels qu'existant à ce moment, sont suffisantes pour répondre aux besoins de la région?

R           Ces formes de transports ne sont pas suffisantes, tel que ça été prouvé par les plaintes qui ont déjà été reçues, il faut absolument que le transport même actuel soit amélioré et que les taux de transport soient changés.

Q           Et quels moyens pouvez-vous donner, ..... en quelques mots, pouvez-vous nous donner quelques explications au sujet des riches gisements de minerai au sujet du développement, est-ce que tout est compris dans les pamphlets que vous allez produire?

R           Non, seulement il y a une littérature spéciale qui traite des gisements du Lac Albanel et de St-Charles en particulier; ces gisements sont d'une valeur, d'une capacité à peu près, d'après les prospecteurs et les ingénieurs miniers, de un million à cinq millions de tonnes de minerai; je pourrais peut-être vous produire cela dans les exhibits et vous donner la littérature concernant toute cette affaire.

Q           Est-ce que les chemins de fer peuvent avoir quelque relation dans le développement de cette région?

R           Certainement, il va falloir amener les gisements, le minerai produit de ces gisements à des ports de mer, un smelter, soit dans la région, soit à l'extérieur.



Q Avez-vous une idée du nombre de wagons de fret utilisés pour le transport de votre marchandise dans votre région ou d'autres régions, par année?

R Dans notre région, on estime à 50,000..... de 30,000 tonnes, pour la production brute; seulement probablement si on enlève 50% qui s'expédie par eau, vous pouvez mettre la moitié autant qui rentre de l'extérieur pour alimenter la région.

Q Est-ce que les wagons qui entrent dans votre région devaient être pratiquement vides, tandis que d'autres qui sortent de votre région, devaient être remplis?

R Il y en a une certaine partie qui devrait être vide.

Q Est-ce que l'Aluminum Company of Canada, fait la plus grande partie du transport par bateau des matériaux bruts?

R Oui, elle apporte ses matériaux de fabrication première, par navigation; elle ne peut pas s'en procurer autrement; elle exporte de St-Thomas, elle transporte par bateau autant que possible, excepté en certaines circonstances ils ont été obligés de faire amener ces marchandises-là par char parce qu'il n'y a pas de port accessible à Arvida à partir de l'endroit d'où ils font venir ces marchandises.

Q Maintenant, à la quatrième ligne, au bas de la page, vous mentionnez les revenus très élevés du Canadien National dans votre région; êtes-vous d'opinion que cette compagnie opère à profits assez élevées dans votre région?





R            Nous sommes d'opinion que avec le trafic qu'il y a dans la région, que la compagnie de chemin de fer doit opérer à profits dans la région; on est d'avis d'après ceux qui calculent un peu les profits, qu'ils ont certainement un bon revenu par année; ils ont au moins un profit d'une dizaine de millions de revenus par année dans la région.

Q            De revenus bruts?

R            Oui, monsieur.

Q            Avez-vous obtenu ces renseignements de la compagnie?

R            De la compagnie, on n'a jamais été capables; on aimerait bien à avoir ces renseignements mais je ne suis pas capable de les avoir; seulement on est d'opinion que d'après le trafic qui existe, en calculant une moyenne des taux de fret, c'est dans les alentours de ce chiffre-là. On aimerait bien que le chemin de fer nous éclairerait à ce sujet, il rendrait grandement service à la population.

Q            Dans l'avant dernière ligne, vous réclamez une réfection de la voie actuelle ou la construction d'un nouveau chemin de fer; est-ce que l'une ou l'autre alternative rencontrerait les exigences de la région, et quel moyen serait le plus avantageux?

R            Ce serait le redressement des courbes, l'abolition des pentes, etc., à faire d'abord dans certaines parties de la ligne ou ce qui serait mieux, un tracé plus court comme le tracé de la route Talbot, on pourrait faire ça dans les accidents de terrain qui ne sont pas très abruptes, et alors le chemin n'aurait que 135 milles de longueur. De Chicoutimi à Québec, il y a certainement



possibilité d'améliorer la ligne et d'avoir une voie meilleure pour faire compétition avec les taux avantageux au moins comparables avec les autres.

Q Est-ce que Chicoutimi est le centre de cette région du Lac St-Jean?

R C'est le centre commercial.

Q Est-ce que c'est de là que la distribution se fait généralement?

R Vous avez Jonquière, Chambord, on peut dire que Chambord est en plein centre.

Q Maintenant, je comprends que le chemin de fer longe le fleuve et se rend à la Malbaie; quelle distance y a-t-il pour compléter le trajet jusqu'à Chicoutimi?

R Environ 70 milles pour rejoindre le tracé de la Malbaie.

Q Vous n'avez pas d'estimés du coût des travaux, des différents moyens que vous suggérez dans le moment?

R On estime qu'on pourrait dépenser 10,000,000 pour améliorer la voie; seulement actuellement, c'est-à-dire le roulant, les services, on pourrait dépenser dix millions, d'après ce que pensent certaines personnes sérieuses qui se piquent de connaître la question.

Q Maintenant à la page cinq, à la troisième ligne, vous mentionnez que le Conseil s'oppose à cette augmentation de taux; êtes-vous d'opinion que les profits actuels de la compagnie dans votre région sont plus que suffisants?

R Nous le croyons.

Q Est-ce qu'il y a eu augmentation de taux dans



votre région, au cours de ces dernières années?

R Il n'y a pas eu, il ne doit pas y avoir eu d'exception, si ça augmente d'une façon générale, on a dû l'être comme les autres régions.

Q Maintenant, comment les taux de votre région se comparent-ils avec en général les autres régions de la province?

R Ils sont plus élevés entre les principales régions de la province.

Q Maintenant, est-ce que le trafic des marchandises en général par chemin de fer dans votre région n'est pas plus difficile, à cause des terrains montagneux, ce qui peut être la raison de taux un peu plus élevés?

R Certainement, mais il y aurait lieu d'améliorer ça; dans l'industrie et le commerce, les compétiteurs s'organisent pour rivaliser avec leurs compétiteurs; si vous avez des compétiteurs qui sont les camions et les autobus, les chemins de fer doivent s'organiser pour les rencontrer; il faut être appelé à subir davantage la compétition; on ne peut pas arrêter le progrès dans ce domaine, et les chemins de fer eux aussi devraient agir en conséquence.

Q Dans le premier paragraphe, à la page 5, vous parlez d'établir un régime tarifé juste et raisonnable et que l'uniformisation des taux de fret devrait être reconnue dans toute la mesure du possible comme étant le seul moyen d'accorder à toutes les parties du Canada un traitement équitable et comme la meilleure méthode de





faciliter l'échange des produits entre les diverses parties du pays, d'encourager l'industrie et l'agriculture et de favoriser le développement du commerce d'exportation?

R L'uniformisation des taux, c'est-à-dire, ce serait les mêmes taux pour les mêmes classifications de marchandises, seulement suivant la distance, et ensuite avec le même service, un service uniforme partout; si ce sont des chars de première classe partout dans notre région ou ailleurs, si c'est sur le service d'express de pick-up, il devrait y avoir le même service partout.

Q En un mot, vous voulez dire mêmes conditions mêmes taux?

R Oui, monsieur.

Q D'après vous, est-ce que <sup>les</sup> taux devraient être uniformes par tout le pays, devraient être égaux dans les diverses parties du pays?

R Certainement, et on demanderait qu'une enquête soit faite sur l'uniformisation des taux.

Q Maintenant, dans les régions de l'ouest et des Maritimes, on a représenté devant cette Commission que les taux de Québec et de l'Ontario étaient inférieurs à cause de la concurrence des autres moyens de transport qui existent dans les deux provinces; si tel est le cas, et que les taux devraient être égalisés et rendus les mêmes que dans les autres régions, qu'est-ce que vous avez à répondre à cela?

R Je ne crois pas que les centres qui sont proches d'un marché quelconque, que le consommateur devrait être handicapé parce qu'il est proche d'un certain chemin de fer ou autre; il devrait avoir l'avantage de ces



choses-là; il devrait y avoir pour moi moyen plutôt d'arranger cela par subside ou un moyen quelconque pour compenser cette différence de taux.

Q Pour revenir à l'uniformisation des taux, seriez-vous en faveur de ce principe égalité pour tous; même si cela signifiait que les taux dans Québec et Ontario devraient être élevés quelque peu?

R Nos taux sont plus élevés qu'ailleurs...

Q Même s'il a'agissait d'uniformiser les taux d'un bout à l'autre du pays?

R Je comprends que tout le monde serait sur le même pied.

Q Et vous ajoutez maintenant que cette économie serait la meilleure méthode de faciliter l'échange des produits entre les différentes parties du pays, les régions le l'ouest et des Maritimes ont exposé qu'ils doivent avoir accès aux marchés de Québec et d'Ontario, et que leurs produits doivent être transportés de longues distances pour atteindre les marchés de ces deux provinces, et que dès lors ils doivent payer des taux beaucoup plus élevés que leurs compétiteurs dans ces deux provinces; ils réclament dès lors des taux moins élevés pour atteindre ces marchés; en permettant, tel que suggéré dans votre mémoire, producteurs qui ~~xxx~~ sont dans les provinces de Québec et d'Ontario, seraient affectée par l'affluence des produits venant des autres régions, comme par exemple les pommes de terre du Nouveau-Brunswick, du beurre et des pommes?

R Je ne crois pas; je crois qu'il y a de la



place pour absorber sur le marché de Montréal et d'ailleurs ces marchandises-là; et à part ça, il y a l'exportation aux Etats-Unis, il y a certainement de la place à absorber de tels produits.

Q Est-ce que ces produits venant des autres régions seraient en concurrence avec les produits de la province de Québec et d'Ontario; croyez-vous que la grande affluence de ces produits pourrait affecter les revenus des producteurs de Québec et d'Ontario?

R En autant qu'on ne pénalisent pas ces gens par des taux exorbitants; mais je crois que par moyen de subsides, on peut passer.

Q Quel serait l'effet sur le producteur de Québec, c'est un peu la réponse que je voudrais avoir à ma question, s'il y a dans le domaine des pommes de terre une grande quantité de ces produits venant des autres parties du pays, quelle serait la situation pour les producteurs de Québec; croyez-vous qu'il y aurait fléchissement dans les prix et que les revenus seraient moindres?

R C'est une question assez embarrassante, je ne le sais pas, je ne suis pas dans le domaine des spécialités économiques.

Q Maintenant, croyez-vous qu'un producteur situé plus près du marché ou des grands centres, devrait conserver l'avantage de sa situation et qu'il peut produire plus que s'il était éloigné?

R Je crois qu'il devrait conserver les avantages de sa situation, car son coût de production est plus élevé que s'il se trouvait éloigné, dans des régions rurales.





Q Maintenant, dans la dernière ligne du premier paragraphe de votre page 5, vous réferez au développement du commerce de l'exportation? Croyez-vous que les taux de chemin de fer peuvent exercer quelque influence et ce, jusqu'à quel point?

R Il n'y a pas de doute que des taux de fret élevés ont une certaine influence.

Q Ce commerce est soumis aux conditions existantes dans les autres pays?

R Je comprends.

Q Maintenant, c'est à peu près toutes les questions que j'avais à vous demander?

R Je crois qu'on a pas mal sassy l'affaire au long.

Q Est-ce que vous avez d'autres documents à produire?

R Je vais vous produire les documents dont on a parlé tantôt.

Q Alors, vous produirez tous ces documents comme Exhibit P-67; nous vous dirons où les transmettre?

R Oui, monsieur.

EXHIBIT NO. 67: Documents, pamphlets, tables, etc. produced by P. Grenier for Saguenay Council for Economic Planning.

TRANSQUESTIONNE PAR ME O'DONNELL

Q Vous dites que le chemin de fer est arrivé à Chicoutimi vers 1897?

R 1893.

Q Depuis 1893 jusqu'à ce que les camions soient arrivés, il y a quatre ou cinq ans, c'est à peu près le chemin de fer seul qui déservait votre territoire?



R            Oui, monsieur. Les camions sont arrivés dans notre région avant ça, il y avait une route qui communiquait avec l'extérieur depuis 20 ans.

Q            Il n'y avait pas beaucoup de camions à comparer à ce qui existe aujourd'hui?

R            Il y en avait moins.

Q            Toutes ces années, c'est le chemin de fer, comme vous dites dans votre mémoire, qui a développé le territoire et qui a permis une augmentation très considérable de la population et à l'existence des industries qui sont aujourd'hui dans la région du Saguenay?

R            Oui, monsieur.

Q            Cela est juste?

R            Oui, monsieur.

Q            Aujourd'hui vous avez, à part du chemin de fer, vous avez le service de camion et le service pendant l'été de navigation sur le fleuve du Saguenay?

R            Oui, monsieur.

Q            Je crois, monsieur le Président, que ça sera bon de produire une carte de la région, pour vous faire voir exactement ce qu'on a comme service pour le chemin de fer, pour les camions et pour les automobiles ainsi que pour les autobus et aussi pour le service de l'eau sur le fleuve du Saguenay, et je produis dans les circonstances comme Exhibit 68, une carte de la Province de Québec, montrant les routes dont je parle; sur la carte Exhibit P-67 comme service de chemin, on a; 1o. la route qui part de Québec et qui se rend à Chicoutimi par Hébertville, et 2o. on a la route, le Boulevard Talbot



Highway qui va à Ou.bec, par Laterrière à Chicoutimi?

That Talbot Highway, you will see, breaks off to the right of the first route that I mentioned, and runs to Laterriere?

R Oui, monsieur.

EXHIBIT NO. 68 -- Highway map of P.Q. and Saguenay Region. Filed by Mr. O'Donnell.

ME O'DONNELL:

Q La distance de ce chemin Talbot, on me dit est de 135 milles?

R Environ.

Q Et par Hébertville, 169 milles?

R Oui, monsieur.

Q Comme troisième route on aura celui qui passe par Baie St-Paul-Port-Alfred?

R Oui, monsieur.

Q You see that one, Baie St.Paul to Port Alfred? Celle-là serait pour une distance d'à peu près 155 milles?

R Oui, monsieur.

Q 4o. On a aussi un autre chemin de Québec à St-Siméon, le long du fleuve St-Laurent, et après ça, Grande-Baie, et Bagotville, la distance de celle-là est à peu près 201 milles?

R Oui, monsieur.

Q Comme chemins, vous avez ces quatre chemins-là, et je comprends que dernièrement les camions sont plus nombreux qu'auparavant et ils font une concurrence énorme aux chemins de fer et que l'ouverture du Boulevard Talbot peut donner lieu de s'attendre que cette concurrence sera dans un avenir prochain, beaucoup plus élevée?



R           Certainement.

Q           Et à part la concurrence par les chemins et les camions, on a aussi la concurrence pendant l'été des cabotiers sur le fleuve du Saguenay?

R           Oui, monsieur.

Q           Et la concurrence des camionneurs, des camions et aussi des cabotiers est faite sans aucun règlement de taux, n'est-ce pas; les camionneurs chargent ce qu'ils veulent ou ce qu'ils peuvent avoir?

R           Je crois qu'il y a la Régie des Transports Provincial qui régit les taux par camion.

Q           Les taux ne sont pas régis, d'après mes informations, et mes informations sont que les camionneurs chargent ce qu'ils peuvent obtenir?

R           Ca, je ne pourrais pas dire.

Q           C'est mon information, il n'y a aucun règlement quant aux taux; je suis d'accord avec vous quand il s'agit de franchise, il faut faire application?

R           Je sais que les services de passagers, les taux sont déterminée par la Régie en même temps que la franchise est donnée.

PAR ME DESMARAIS:

Nous vérifierons jusqu'où va la sanction pour inobservance de taux et ces choses-là.

PAR ME O'DONNELL:

Q           Vous êtes au courant du fait que les camionneurs, en dépit des taux qu'ils auraient dû produire avec la Régie pour avoir la franchise, ne maintiennent pas ces taux-là.





R Je ne pourrais pas vous dire.

Q Vous n'êtes pas au courant?

R Non.

Q Etes-vous au courant du fait que, quant aux cabotiers, il n'y a aucun taux de fixé non plus et qu'ils font une concurrence contre les chemins de fer, sans être obligés d'avoir des taux fixés?

R Je ne pourrais pas dire, je ne suis pas au courant de ça non plus.

Q Alors, depuis quelques années, la concurrence des camions, quant au fret et des autobus quant au trafic des passagers, vis-à-vis des chemins de fer, ont augmenté considérablement?

R Oui, monsieur.

Q Je crois, monsieur le Président, que ça serait bon de produire une deuxième carte comme Exhibit 69, démontrant la ligne du chemin de fer dans la région dont parle le témoin; la carte s'intitule:

"Canadian National Railways, Central Region, Quebec District, Location of Railway Lines on Laurentian Division, not to scale."

EXHIBIT NO. 69 -- Canadian National Railways,  
Central Region - Quebec  
District; Location of  
Railway Lines on Laurentian  
Division - Not to Scale.

PAR ME O'DONNELL:

Q Pour les fins du dossier, monsieur le Président, je crois que les distances du chemin de fer, de Québec à Chicoutimi de 227 milles, de Chambord à Dolbeau, 57 milles, de Baie St-Paul à la Malbaie, 28 milles, en tout et partout 302 milles de voies de chemin de fer.



R           Voici monsieur, est-ce que je pourrais ajouter quelque chose; on nous a demandé la longueur de la voie ferrée dans la voie du Saguenay, sur ça, j'ai inclus les limites de la partie de Québec, et la partie de La Malbaie à Québec qui donne 200 milles pour la région.

Q           Alors, monsieur Grenier, vous avez, à part de ça, vous avez comme service pour les passagers, combien de trains par jour de Chicoutimi à Québec et Québec-Montreal?

R           1 train par jour, le soir, et trois trains le jour, la semaine.

Q           Avez-vous fait une étude du nombre de passagers qui se servent de ce service?

R           J'ai fait une petite enquête avec l'agent local du chemin de fer; voyez-vous mon bureau se trouve à proximité des trains, ils passent, le jour à l'arrivée entre 8 hrs et cinq et 9 heures; il y a très peu de passagers à bord des trains, ils sont pratiquement vides, l'été.

Q           Les chars, quant au trafic de passagers, ne sont pas chargés beaucoup, il y a très peu de passagers?

R           Il y a très peu de passagers.

Q           Et je suppose que ce sont les autobus qui prennent la plupart des passagers qui préfèrent prendre l'autobus au chemin de fer en été?

R           Oui, parce que c'est un service plus rapide et plus avantageux que le chemin de fer en été.

Q           Les avions aussi attirent un grand nombre de passagers?

R           Oui, parce que ce service prend une heure moins cinq minutes pour se rendre jusqu'à Montréal et beaucoup moins de temps pour se rendre à Québec par avion.



Q Ca, c'est dans le sens normal de toutes les améliorations qui se sont faites dans tout le pays et tout le monde sait que les avions sont beaucoup plus vites que le train et attirent beaucoup plus de passagers et les autobus aussi?

R Oui, mais tout de même, il est vrai que c'est dans la nature les gens de vouloir aller toujours plus vite; on ne peut pas arrêter le progrès, seulement si on avait un bon service de passagers, et si on pouvait dormir la nuit dans vos chars, il serait beaucoup plus facile pour nous de la région du lac St-Jean de voyager par chars de façon agréable et nous voyagerions plutôt par le train si nous avions une accommodation convenable sur le chemin de fer, car au lieu de louer une chambre d'hôtel à l'avance, nous voyagerions de nuit, nous aurions notre lit à bord, nous pourrions dormir et en arrivant à Québec, nous pourrions faire dans la journée le travail que nous avons à faire et prendre ensuite le train la nuit pour retourner; nous ne perdriions pas de temps et nous nous dispenserions de prendre des chambres d'hôtel de Québec ou autres endroits lorsque nous y sommes que pour une journée.

Q Mais, monsieur Grenier, nous avons comme question de fait des chars-dortoirs?

R Oui, mais la ligne est tellement défectueuse qu'il n'y a pas moyen de dormir; on est bousculé, on est jeté en bas des lits, il faut s'y tenir.

Q On a trouvé que c'est la règle dans tout le pays?

R Les déraillements sont si nombreux, assez souvent, qu'on ne peut pas prendre le risque de se faire tuer quand on peut y aller plus facilement d'un autre côté.

Q Comme question de fait, on m'informe que les chars dortoirs sont suffisants pour le trafic?





R            Ils sont certainement suffisants de ce temps-ci il n'y a pas de monde qui voyage.

Q            Pour les fins du dossier, je voudrais mettre les faits; les chars dortoires, il y en a deux chaque jour sur le train pour Montréal-Chicoutimi; le train 116-211, et sur le train Chicoutimi-Montréal, 212-115, un char dortoir sur le train Montréal-Dolbeau; le train qui marche trois fois par semaine, No. 116-211-195, un char-dortoir sur le train Dolbeau-Montréal qui marche trois fois par semaine, 194-212-115, et un char-dortoir sur le chemin Québec-Chicoutimi tous les jours, Train No. 163-211, Chicoutimi-Québec, tous les jours, train No. 212-164, aussi un char dortoir sur le train Québec-Dolbeau trois fois par semaine et Dolbeau-Québec, trois fois par semaine, on est d'accord sur ça, avec des chars-dortoires qui son suffisants pour les gens qui veulent prendre les chars et qui se sentent capables de dormir ?

R            Pas d'être capables de dormir, mais de rester dans les lits.

Q            Vous ne manquez pas de chars-dortoires ?

R            On ne manque peut-être pas de chars-dortoires, mais c'est le confort, la propreté des wagons, les wagons devraient être propres et confortables; et d'ailleurs, voici une résolution prise par notre Conseil, au sujet de la propreté des chars-dortoires: "Les wagons devraient être propres et confortables, particulièrement on devrait garnir de serviettes la tête des fauteuils et lorsque ces mêmes fauteuils sont convertis en lits dans les chars-dortoires, on devrait recouvrir de serviettes la peluche de ces mêmes fauteuils, de façon à ce que la tête du passager n'entre pas en contact avec la peluche sale, tel qu'actuellement,



les mêmes remarques s'imposent quant à la couverture de laine recouvrant les lits".

Q On m'informe que le service sur ce train est le même que dans tous les autres trains du pays, quant aux chars-dortoirs, vous ne demandez pas plus pour vous-mêmes que pour les autres parties du pays ?

R Je n'ai pas voyagé dans tout le pays, j'ai voyagé entre Québec, Chicoutimi et Montréal assez souvent, et ce, assez souvent pour savoir la nuit qu'on dort mal.

Q Maintenant, ce sont les mêmes chars dans le service de Montréal-Chicoutimi que sur les autres lignes ?

R Vous n'avez pas toujours des chars à air climatisé.

Q On n'en a pas dans le pays tout le temps non plus, c'est une innovation qui est en voie d'être établie partout ?

R Il y a très longtemps qu'on la demande.

ADVENANT UNE HEURE LA COMMISSION AJOURNE

A 2.30 HRS.



## REPRISE DE L'AUDIENCE à 2.30 HRS.

MR. O'DONNELL: It seemed to me it would be of use to the Commission to have a short summary of exactly what is furnished by way of rail passenger service. I have had a statement prepared showing the number of trains, the times they leave Chicoutimi for Quebec or Montreal, and vice versa, and other points.

THE CHAIRMAN: I suppose the timetables will show all that.

MR. O'DONNELL: Yes, but this summarizes it and puts the whole thing in together. It also gives the average number of passengers that have been carried. We took the month of January and the month of June, 1949, as giving a fair comparison. It occurs to me it might be well to have it put on the record.

THE CHAIRMAN: Exhibit 70.

MR. O'DONNELL: Either as an exhibit or put it right into the transcript.

THE CHAIRMAN: What is the best way of doing it ? You see there are already several other exhibits.

MR. O'DONNELL: Whichever way you please.

THE CHAIRMAN: It will be Exhibit 70.

MR. O'DONNELL: Exhibit 70. It gives the nature of the equipment, kind of equipment, as to whether or not it is air conditioned, the number of cars, and so on. It might also save time if, for the purpose of giving the Commission exact information as to the freight service which is provided, these statements showing the fast freight service northbound and the fast freight service southbound,



as well as the local way freight service, might be put in as a further exhibit.

THE CHAIRMAN: Might that not be a part of the same exhibit ?

MR. O'DONNELL: As you please, except that this is freight as distinct from passenger.

THE CHAIRMAN: Does this show empty cars going in and out ?

MR. O'DONNELL: I have not those here, but we will get that. For the purpose of the record, exhibit 70 contains information concerning both passenger and freight services from and to Chicoutimi, from Montreal and Quebec, and the other points mentioned in the exhibits. My information is that the freight trains are drawn by large engines, 65 and 70 per cent engines, to and from Garneau, and that they are all double headers.

EXHIBIT NO. 70: Information concerning  
passenger and freight services  
to and from Chicoutimi.

PAR M. O'DONNELL:

Q        Quelques mots encore sur les wagons-dortoirs; tous ces wagons-là, sont, d'après l'information que j'ai, du surintendant de la division, des voitures à air conditionné, chars-dortoirs ?

R        On n'est pas d'accord sur cela, je ne suis pas prêt à dire tous encore.

Q        Mon information, et j'ai l'information du surintendant de la division, que ce sont des voitures à air conditionné, les chars qu'il y a aujourd'hui sur votre





ligne, dans votre région, des chars-dortoirs, et vous savez que tous les chars pour les passagers sur cette division sont des chars en acier et que ce ne sont plus des voitures en bois ?

R Je pourrai m'informer.

Q Mon information est que les chars-dortoirs et les chars à passagers sont tels que je viens de vous le dire ?

R S'ils le sont tous de cette sorte-là, cela doit être tout à fait dernièrement.

Q Depuis deux ou trois ans ?

R Non, je ne crois pas.

Q Mon information c'est que sur cette ligne-là on a le même "standard" d'équipement qu'on a sur les voies principales du pays.

R .....

Q Alors, les autobus dont nous avons parlé tantôt peuvent faire le trajet de Chicoutimi à Québec, je comprends, dans trois heures aujourd'hui ?

R Trois heures et quart.

Q Et puis vous avez cinq ou six autobus par jour dans chaque direction ?

R Actuellement nous en avons environ quatre par jour dans chaque direction.

Q Un passager qui prend le train pour ceux qui voyagent de nuit, ça prend à peu près neuf heures ?

R Ça prend plus que ça, neuf, dix heures.

Q La compagnie qui a la franchise pour les autobus, c'est une compagnie dirigée par un nommé Grevier, l'autobus 500 ?

R Nous avons deux services d'autobus; une entre le



Lac St-Jean, qui passe par le parc National et une autre qui passe par le Boulevard Talbot, les autobus 500, soit Crevier.

Q Le service d'autobus Crevier est identifié par Taxi 500 ?

R Autobus et Taxis 500.

Q Et cette franchise de Crevier ou que l'autobus 500 a aujourd'hui est celle pour laquelle le Canadien National avait fait application dans l'année 1937-38 ?

R Je ne pourrais pas vous dire.

Q L'information que j'ai, monsieur le Président, c'est que la compagnie Canadien National aurait fait application pour cette franchise-autobus en 1937-38, on l'a accordée à monsieur Crevier qui exploite aujourd'hui le service d'autobus 500; vous n'êtes pas au courant de ça ?

R Je ne suis pas au courant.

Q Je crois que c'est tout quant au service de bus. On est obligé de se servir de deux engins sur les trains de freight, savez-vous ça, monsieur Grenier ?

R Oui, monsieur.

Q A cause du grade et des difficultés d'opération ?

R Oui, certainement, si les grades pouvaient être évités, ça empêcherait d'avoir deux locomotives.

Q Je suis d'accord, mais dans le moment l'opération est très difficile, il faut se servir de deux engins sur les trains de freight, à cause des grades dont vous parlez ?

R Oui, en améliorant cette partie-là, ça serait de nature à abaisser les taux, parce que les taux d'exploitation seraient plus bas.



Q Parce que les taux d'exploitation seraient plus bas ?

R Ca se pourrait, je n'en sais rien, je n'en ai pas fait l'étude.

Q Vous avez dit, si je comprends bien, que le service n'avait pas été amélioré, j'entends par cela que la voie n'a pas été améliorée et que les voitures de fret sur la ligne seraient les mêmes que l'on a depuis des années; est-ce tout à fait correct ?

R Non, j'ai dit que la voie n'avait pas été améliorée en rapport du développement de la région.

Q Mais la voie serait bien maintenue ?

R Bien, il faut croire qu'elle est maintenue.

PAR LE PRÉSIDENT:

Q Si on ne peut pas dormir dans les voitures ?

R .....

PAR MONSIEUR O'DONNELL:

Q C'est relatif, il y a des gens qui dorment très bien et d'autres qui ne dorment pas aussi bien.

R Je pense qu'il n'y en a pas qui dorment, à moins qu'ils soient bien fatigués.

Q Peut-être que vous êtes très difficile à faire dormir ?

R .....

Q Comme question de fait, il y a des endroits où on a fait beaucoup d'améliorations, on a changé les rails d'une pesanteur de 80 à 85 lbs pour des rails de 100 lbs. sur la plus grande partie du trajet entre Québec et Chicoutimi ?





M. Grenier

R Je sais qu'il y a eu des changements dans ce domaine-là.

Q A part ça, on a mis du gravois concassé, à la place du gravois ordinaire ou moins pesant ?

R Oui, ça c'est normal pour l'entretien de la voie.

Q La voie a été améliorée en mettant du gravois concassé à la place de celui qu'il y avait là il y a des années ?

R Oui, monsieur.

Q Et à Chambord, vous avez mentionné qu'on était à construire une gare nouvelle ?

R Oui, monsieur.

Q A part de la gare, est-ce qu'on a fait construire une rotonde pour les engins ?

R Dernièrement, oui, on est d'avis qu'il y a bien pu y avoir quelques améliorations, surtout quant à la maintenance de la voie ferrée, elle demandait de l'entretien, mais ce n'est pas strictement ce que l'on pourrait appeler de l'amélioration.

Q On a augmenté la capacité de la rotonde d'engins à Jonquièrre aussi ?

R Oui, c'est probablement normal, il le fallait.

Q A Rivière-à-Pierre, et Jonquièrre-Chambord et à Chicoutimi, on a augmenté les voies dans les cours de triage à ces places-là ?

R Peut-être, oui.

Q Et aussi les voies d'évitement entre Québec et Chicoutimi ? On a fait beaucoup d'améliorations dans les dernières années, c'est ça que je vous dis ?

R Oui, il y en a peut-être eu quelques-unes.



Q Or, pendant la guerre, on a fait un transport énorme ?

R Oui, mais les améliorations qui ont été faites ont été des améliorations nécessaires qui s'imposaient strictement.

Q Ca se peut, mais d'un autre côté, je sais que vous ne l'avez pas fait exprès, mais vous avez laissé représenter que rien n'avait été fait ?

R On peut dire sensiblement que rien n'a été fait pour améliorer la voie, ou diminuer la longueur; que le nombre de milles n'est pas diminué, les pentes ne sont pas abaissées, les courbes ne sont pas redressées.

Q La voie, comme voie, les rails et les dormants sont beaucoup mieux qu'ils étaient il y a quelques années, ça peut être à cause du besoin comme vous dites, mais en tous les cas, vous admettez que c'est mieux ?

R Naturellement, il a fallu remplacer ce qui était défectueux.

Q Votre proposition serait pour la voie, que cette voie soit raccourcie et que les grades seraient diminués, c'est ça que vous avez dans l'idée ?

R Oui, ça permettrait peut-être de raccourcir en diminuant les courbes la longueur du chemin de quelques milles, sensiblement, ou faire un autre tracé.

Q Aujourd'hui tout le **fret** qui se présente pour être transporté en chemin de fer, on le transporte dans le moment ?

R Oui, probablement.

Q Et ce n'est pas aussi étendu que c'était pendant la guerre ?



R Oui, c'est aussi étendu parce que la production de l'aluminium aujourd'hui est beaucoup plus grande qu'elle ne l'était pendant la guerre, et les moulins à papier sont à produire beaucoup plus que pendant la guerre.

Q La production des moulins a diminuée dernièrement ?

R Pas des moulins à papier.

Q En tous les cas, tout ce qui se présente pour être transporté par le chemin de fer, est transporté ?

R Peut-être transporté, mais une longueur qui ne devrait pas être, et à une vitesse qui ne devrait pas exister non plus.

Q Pendant l'été, la compagnie Aluminum se sert de bateaux sur la rivière Saguenay ?

R Oui, jusqu'à Port-Alfred qui est leur port de mer.

Q Et pendant l'hiver, pendant que le transport sur la rivière ne s'opère pas, c'est le chemin de fer qui le remplace ?

R Oui, mais ils utilisent aussi le chemin de fer l'été pour certains matériaux, mais pas autant que l'hiver, certainement que non.

Q La même chose se présente quant aux manufacturiers de papier pendant l'été; ils se servent des bateaux ?

R Oui, excepté, la compagnie Lake St-John de Dolbeau, qui utilise uniquement le chemin de fer, ils sont éloignés de la rivière.

Q Vous n'avez pas fait d'études quant au montant d'argent dépensé sur le maintien de la voie ou les améliorations dont je vous ai parlé, vous n'êtes pas au courant de ça ?



R C'est-à-dire, on a un vague aperçu de cela. On voudrait bien être au courant de cela.

Q Vous n'avez pas de chiffres ?

R On prétend, avec la réfection de la voie ferrée actuelle et la réfection des gares pour les améliorations qui s'imposent, ça coûterait, d'après certains experts, pour le chemin de fer, une dizaine de millions.





M. Grenier

Q Si j'ai bien compris, vous avez dit que le taux des camions était plus élevé que ceux des chemins de fer ?

R Je n'ai pas vérifié, seulement il y a aucun doute, sur une longue distance qu'ils sont plus élevés.

Q De Chicoutimi à Montréal, dites-vous que les taux chargés par les camions sont plus hauts que ceux des chemins de fer ?

R Il n'y a aucun doute sur certaines marchandises par la pesantour, que ce serait plus élevé que le chemin de fer.

Q Entendez-vous que les taux chargés par les camionneurs de Québec pour aller de Québec à Chicoutimi sont plus élevés que les taux de chemin de fer ?

R Je pourrais peut-être vous préparer un mémoire dans ce sens-là, faire une petite enquête.

Q Vous ne savez pas aujourd'hui, aujourd'hui vous n'êtes pas en position de le dire ?

R Pas de façon définitive. Je ne suis pas en position de vous le dire.

Q Êtes-vous d'opinion que les camions devraient être réglementés dans leurs taux <sup>parce que</sup> les taux de chemins de fer sont tous réglementés n'est-ce pas ?

R Là, probablement, c'est du ressort des provinces. Et je ne voudrais pas affirmer quoi que ce soit dans ce domaine-là.

Q Je sais que c'est dans le domaine de la province, mais d'un autre côté l'arrêté ministériel qui établit cette Commission, parle d'une politique nationale quant au transport; croyez-vous que ce serait une bonne chose pour tous les moyens de transports, bateaux, avions, autobus et chemin de fer, que les taux soient réglementés, fixés pour que ça soit ordonné ?

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R Je ne le sais pas.

PAR LE PRÉSIDENT:

Q Réglementés par la même autorité ?

R PAR MONSIEUR O'DONNELL:

Par une autorité.

PAR LE PRÉSIDENT:

Q La même ?

PAR MONSIEUR O'DONNELL:

R La même.

(Le Témoin)

R Je ne suis pas définitivement fixé, on devrait laisser la libre concurrence dans ce domaine.

Q En dépit du fait que les chemins de fer sont obligés de faire concurrence et que leurs taux sont réglementés ?

R Peut-être probablement que leurs taux seraient réglementés de façon à faire face à leurs besoins.

Q Croyez-vous que c'est juste que les chemins de fer, que les taux des chemins de fer soient réglementés tandis que leurs concurrents, comme les camions, les autobus, les avions, soient libres de faire les arrangements qu'ils veulent entre'eux et leurs expéditeurs ?

R Je suis toujours d'opinion que leurs taux doivent être régis par la Régie provinciale des Transports.

Q Croyez-vous que les chemins de fer devraient être obligés de rendre leurs services pour les taux fixés par la Régie des Chemins de fer, en dépit du fait que les taux d'autobus et de camions peuvent être beaucoup plus bas ?



M. Grenier

PAR LE PRESIDENT:

Q Je comprends que le taux est plus élevé pour les camions?

R Je crois que oui, parce que les gens, vu la lenteur du service du chemin de fer, préfèrent même si le taux est plus élevé, l'avion, le camion ou autres moyens de transport plus rapides.

Q Vous n'affirmez pas que les taux sont plus élevés?

R Je n'affirme pas, je vais faire enquête. Je suis sous l'impression ....

Q Je trouve très drôle que la camion avec des taux plus élevés pourrait prendre le trafic du chemin de fer qui aurait des taux plus bas? It strikes me as being very funny if he could get all the truck business if the rates were in fact higher than the railroad's.

R Sur une longue distance, je suis d'avis qu'ils doivent être plus élevés.

Q Croyez-vous que le chemin de fer devrait être mis dans cette position que tout le trafic qu'il leur reste après que les camions ont choisi les meilleures parties, devrait être obligé de transporter, continuer de transporter les parties du trafic qui sont les moins payantes?

R S'il y avait une certaine entente, ce serait de nature à aider votre situation.

Q Dans votre région, vous avez dit que la compagnie Aluminum et les compagnies de papier quand elles peuvent se servir de bateaux, le font?

R Oui, monsieur.

Q Parce que vous dites que c'est plus économique?

R Oui, monsieur.

Q Alors, la neige arrive, la glace et les difficultés





M. Grenier

de l'hiver, et c'est le vieux fiable chemin de fer qui est là pour répondre aux besoins du trafic, est-ce juste d'après vous ?

R Oui, mais dans vos taux édictés par la Commission des Chemins de Fer, cela est pris en considération à l'année durant dans votre transport, non pas pour une partie de l'année seulement.

Q Vous dites à la page 5 de votre mémoire, et vous avez parlé de la chose, vous dites que la région de Chicoutimi s'oppose catégoriquement à toute augmentation de taux de freight et d'express pour la région de Saguenay en particulier, vous prenez cette position même s'il est nécessaire pour le chemin de fer que ses taux soient augmentés ?

R Oui, on considère que nos taux, comme on en a donné la comparaison, sont trop élevés.

PAR LE PRESIDENT:

Q Lorsque des augmentations de taux sont nécessaires pour tout le pays, est-ce votre avis qu'ils doivent se faire sur une . . . d'une façon proportionnelle suivant la distance ?

R Il pourrait y avoir un réajustement entre les différentes régions au moyen de subsides ou quelque chose.

Q Est-ce que dans cette région, les camions empêchent les augmentations de taux sur les chemins de fer ?

R Non.

Q La concurrence ?

R C'est de la concurrence tout simplement, la vitesse du transport qui passe surtout avant pour les gens, et c'est pour cela je crois qu'ils exigent les camions.



M. Grenier

Q Et les taux n'y sont pas pour rien ?

R Pas beaucoup, à moins que ce soit quelqu'un qui ne soit pas pressé. Prenez le matériel de construction, depuis trois ou quatre ans, on en était à court, et cela s'applique dans différents domaines, et cela prenait des fois plus qu'une semaine, quinze jours pour avoir ces matériaux-là; maintenant, avec des camions, ils peuvent l'avoir presque tout de suite; et c'est la même chose pour certaines marchandises par l'avion.

PAR MONSIEUR O'DONNELL:

Q Est-ce que j'ai bien compris que vous représentez les manufacturiers de papiers, quant à la soumission que vous faites aujourd'hui ?

R Ils sont membres de notre organisation.

Q Est-ce que, comme question de fait, vous avez discuté avec eux, est-ce que vous leur avez proposé le problème de l'uniformisation des taux de freight, en disant qu'ils devraient être reconnus dans toutes les parties du Canada, avez-vous discuté la proposition d'uniformisation avec les manufacturiers ?

R Pas dernièrement, mais c'est la tendance en 1947, lors de la visite de la Commission du Chemin de fer à Chicoutimi.

Q Est-ce que les compagnies qui font le papier dans le Saguenay, Price Brothers, Lake St-John, Consolidated, vous ont autorisé de suggérer à la Commission que le taux soit égal pour toutes les parties du pays ?

R Non, mais je crois que c'est leur opinion; d'ailleurs; vous savez qu'il y a bien des différences dans les taux de freight et ce serait certainement à leur avantage que cela soit uniformisé, au moins égal au taux de Shawinigan.



M. Grenier

Q Vis-à-vis des manufacturiers, ils sont favorisés à \$1.00 la tonne, soit .05 cts du cent livres; il y a toujours cette différence de \$1.00 la tonne; les manufacturiers du Saguenay sont favorisés de ce \$1.00; ça leur coûte \$1.00 la tonne de moins, un trajet de 200 milles ?

R Je comprends tout ça; qu'est-ce que vous faites du coût de la production à la tonne sur toutes les autres fabriques; c'est parce que c'est 200 milles que ça leur coûte \$1.00 de plus la tonne pour expédier le papier.

Q Vous suggérez que les taux soient uniformisés, et avec l'effet de l'augmentation des taux, la compagnie dans la région du Saguenay, pour 200 milles, vous allez payer pour la \$1.00 de différence ?

R Comme on a dit tout-à-l'heure ...

Q Vous voulez dire que tous les taux soient uniformes malgré les distances ?

R Mais en tenant compte de la distance et pour certaines distances, il devrait y avoir des subsides pour la différence.

PAR MONSIEUR O'DONNELL:

Q Si tous les taux étaient augmentés sur la base dont vous avez parlé, de 200 milles, parce qu'il y a 200 milles de plus de voyage entre le Saguenay et le St-Maurice, les taux que paieraient Price Brothers et Lake St-John, seraient plus élevés que ça aujourd'hui; êtes-vous en faveur de ça ?

R Non, je ne suis pas en faveur de ça.

Q Ils ne vous ont pas autorisés de suggérer ça non plus ?

R Il faut s'entendre sur le genre d'uniformisation que l'on veut dire par uniformisation ?



M. Grenier

Q Qu'est-ce que vous entendez par uniformisation ?

R Par uniformisation, je veux dire... c'est que la classification est la même pour les différents genres de matériaux suivant la distance, mais lorsqu'il y a un écart très large pour différentes marchandises pour la distance, que ça soit couvert par subside, de manière à ne pas handicapper une région pour une autre, et faire les relations entre les différentes régions.

Q Ce n'est pas là de l'uniformisation; vous demandez de favoriser une région contre une autre en donnant des subsides pour une contre l'autre ?

R De rendre une distribution égale aux différents points du pays, aux différents marchés, de donner des subsides suivant le cas, et à tout événement, ne pas handicapper une région pour une autre.

Q Vous dites que 90% du trafic de la région du Saguenay s'en va aux Etats-Unis ?

R J'ai dit: du papier.

Q Alors, les taux qui prévalent aujourd'hui sur le papier, permettent à la région du Saguenay de faire compétition avec les autres manufacturiers de papier des autres régions ?

R Le papier est tellement en demande, il est en sous-production pour répondre à la demande, de sorte qu'il n'y a pas de compétition réellement dans ce domaine.

Q Quant au papier, vous ne proposez pas d'uniformisation des taux ?

R Ma proposition serait de donner justice, c'est-à-dire de rendre au moins sur le même pied notre région que celle du St-Maurice pour l'expédition du papier.

Q Les pommes de terre que vous avez mentionnées,





MR. O'DONNELL: As a matter of interest, my lord, I would like to refer the Commission to the Judgment of the Board which went into the matter of newsprint rates. It is 24 J.O.R., in the issue of April 15, 1934. I think the C.F.A. number is 1901. I have not got eh the page number of the other report; but it is the second issue of the 24th volume of J.O.R. & R., the issue of April 15, 1934.

Q Les pommes de terres que vous avez mentionnées,

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vous les expédiées dites-vous, à Toronto ?

R Toronto, Montréal.

Q Et vous faites concurrence avec celles du Nouveau-Brunswick et de l'Ile du Prince-Edouard ?

R Oui, monsieur.

Q Comment se comparent les pommes de terre de votre région avec celles du Nouveau-Brunswick et de l'Ile du Prince-Edouard ?

R Je crois qu'ils sont comparables aujourd'hui, assez favorablement quant à la quantité.

Q Les pommes de terre de l'Ile du Prince-Edouard et du Nouveau-Brunswick ont le bénéfice de la réduction de 20%, d'après l'acte qui régit leurs taux ?

R C'est ce que nous avons pensé.

Q C'est ça que vous avez en vue lorsque vous avez dit que c'étaient les taux de fret qui vous empêchaient de faire une concurrence plus ardue à Toronto et à Montréal ?

R Ça peut améliorer... ce n'est pas... on ne veut pas dire que c'est uniquement cela, seulement il faut toujours se tenir sur le principe que quand une voie ferrée est défectueuse, qu'on ne peut pas faire de concurrence avantageuse avec une autre partie du pays où les taux de chemins de fer sont moins élevés.

Q Vous faites concurrence avec les deux régions que j'ai mentionnées; et ils ont une réduction de 20%, qu'est-ce qui vous empêche de faire concurrence à Montréal et à Toronto ?

R C'est à peu près votre raison aussi.

Q Vous avez parlé de lenteurs dans les expéditions ? Et vous avez mentionné une expédition de Grandes-Piles à Chicoutimi; Grandes-Piles, ça, c'est sur la ligne du C.P.R. ?



R        Oui, monsieur.

Q        Et on est obligé de décharger les voitures du C.P.R. pour mettre la marchandise dans les wagons du C.N.R. pour aller à Chicoutimi; il y a un délai dans ça ?

R        Seulement, je ne sais pas quelle est la règle du chemin de fer C.P.R. ou plutôt quelle est la longueur du chemin de fer du C.P.R. avant de transférer, avant de prendre votre voie.

Q        Dans ce cas, les expéditions L.C.L., on est obligé de changer de wagon, de changer... de transférer de chemin de fer, de mettre la marchandise dans d'autres chars pour envoyer en fin de compte à Chicoutimi ?

R        La grande partie est sur votre voie.

Q        Si on est obligé d'attendre pour faire le transfert ?

R        Ça devrait pas prendre une dizaine de jours pour ce transfert-là.

Q        Ce que vous avez mentionné là, ce sont des cas isolés, comme dans le cas de Grandes-Files, mais si on regarde, on voit que Grandes-Files est sur la voie du C.P.R.

R        La grande partie est sur votre voie.

Q        Une fois rendu sur notre voie, ça marche assez vite ?

R        S'il fallait que le C.P.R. prenne 13 jours et que le C.N.R. prenne 13 jours, ça ne serait pas drôle.

Q        Quand vous envoyez ça L.C.L., il faut attendre un char complet de marchandise pour envoyer à Chicoutimi, on n'est pas pour envoyer un char spécial avec à peu près 50 lbs de marchandise, ça ne serait pas raisonnable

R        D'un autre côté, si vous avez un service rapide, une bonne voie, vous pourriez certainement remplir vos chars plus facilement et les envoyez plus facilement.





Si les camions se permettent de choisir tout le trafic le plus profitable et le plus payant et nous laissent seulement la balance, ça aussi, ce n'est pas bien agréable ?

R . Je comprends, mais à tout événement, ce sont des compétiteurs et c'est normal.

Q En dépit du fait que l'autre compétiteur ne soit pas réglementé dans ses taux, tandis que nous le sommes ?

R .....

Q Vous avez parlé de bleuets, vous dites que vous avez eu 500 chars de blouets, l'année passée ?

R Pas l'année passée, il y a trois ans de cela. C'est d'après l'information que j'ai eue dans une petite enquête que j'ai faite.

Q Et quant à cela, il n'y a pas grand'place qui fait vous concurrence, c'est le Saguenay qui a le meilleur marché pour les bleuets ?

R Je comprends que c'est pas mal libre, mais vous avez l'Abitibi, vous avez le marché de Terre-neuve qui commence à être un bon marché, le marché de la Côte-Nord.

Q Est-ce que les bleuets se vendent aujourd'hui plus élevés que 1938 ?

R Non, aujourd'hui ils sont un peu moins élevés.

Q Qu'en 1938 ?

R En 1938, il y a dix ans, ils étaient moins élevés. qu'il y a quatre ou cinq ans.

Q Moins élevés que pendant la guerre, mais ils sont encore plus élevés qu'avant la guerre ?

R Oui, monsieur.



Q Il y a une augmentation de plus de 21% dans le prix ?

R Je ne le croirais pas.

PAR ME DEMARIS:

Q Alors, je crois que vous produirez une table comparative des taux de transport par camions et chemin de fer et les taux de livraison de votre région comme Exhibit 67.

PAR LE PRESIDENT:

Nous vous remercions, monsieur Grenier.

ET LE DEPOSANT NE DIT RIEN DE PLUS.

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At 3.15 P.M. the Commission adjourned to meet again on August 2nd, 1949, at 10.30 A.M. in Montreal, P.Q.



The following is a translation of Transcript of Evidence appearing in Volume 28, July 30th, 1949, pages 5295 to 5362 inclusive. (Quebec City).

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MR. DESMARAIS: The next brief is presented by the Saguenay Council on Economic Planning. Mr. Grenier, you may read your brief, if you wish.

MR. GRENIER: (Secretary of the Saguenay Council on Economic Planning.)

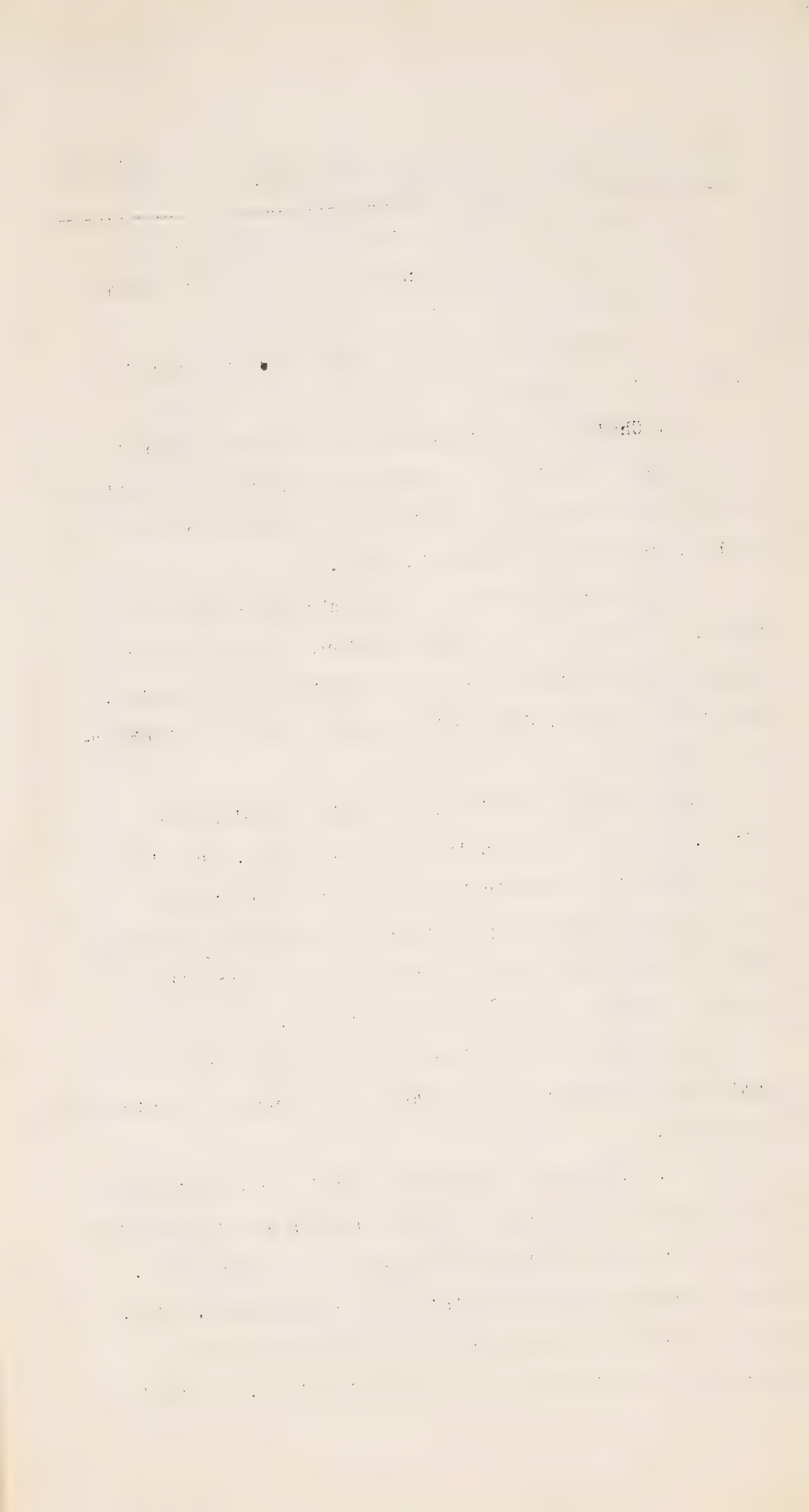
MR. Chairman and gentlemen: The Saguenay Council on Economic Planning is a corporation legally constituted by letters-patent of His Majesty for the Province of Quebec, under date of May 25, 1945.

The Saguenay Council on Economic Planning has the power, by virtue of its constitution, to represent the Saguenay region made up of the counties of Chicoutimi, Lapointe, Lake St. John and Roberval, and the neighbouring territories.

The Saguenay Council on Economic Planning received, by resolution in the summer of 1947, from its directors and the public bodies of the whole region, instructions to make application to the Board of Railway Commissioners and prepare a brief setting forth the railway situation in the Saguenay region.

Hence, the Saguenay Council on Economic Planning submits the following to the Board of Transport Commissioners for Canada:

Mr. R. C. Vaughan, President and General Chairman of the Canadian National, at the luncheon marking the day dedicated to transportation and commercial travellers, at the Toronto National Exhibition, in September, 1948, made the following statement with reference to the importance of railways in the economic field. We quote:



"Active and prosperous railways form the basis of our economic system, and it is essential for the well-being of all that they be in a position to maintain their services. Airplanes and trucks have their own peculiar function to perform and they perform it efficiently," Mr.Vaughan continued, "but it is ridiculous to claim that they can replace the railways. The work to be done is too extensive, the demands too varied and the cost to the public too high."

Mr. Vaughan goes on to say that the role of the railway industry in connection with the welfare and the development of our country is unquestionable and that for every dollar invested in the railways there has been created fourteen times more national wealth, that is to say \$14.00 per dollar invested in the railway.

The Saguenay Council on Economic Planning endorses the statement of principles of the President of the National Railways, for since the establishment of the railway in the Saguenay region, about 1887, this region experienced a fresh lease of life and developed industrially and agriculturally at an astonishing pace.

Several towns in the region underwent a transformation as a result and new towns sprung up in the area where the virgin forest covered the land before the advent of the railroad. The Saguenay region would still be living in a realm of almost pent-up economy if the railway had not existed. And today still, even with the advent of transporation by plane, by truck, etc. railway transportation remains in the regional economy of the Saguenay useful and indispenable to its progress and development.





The Saguenay Council on Economic Planning believes that the railway which provides a dependable means of transportation at all times in the Saguenay region, has not accomplished the progress that should have been recorded accordingly as the region developed in the realm of changes and improvements to be effected on the road and also with respect to equipment and rolling stock, so that freight rates have remained high and the region's economy has suffered from the standpoint of its economic development, in a very special manner with reference to the establishment of heavy industries. Even the already existing industries, among others the pulp and paper industry, the lumber industry as well as the transportation of certain agricultural commodities (potatoes, etc.) have to meet difficult competition and in certain cases an impossible competition with other centres engaged in the production of foodstuffs.

The Saguenay Council on Economic Planning has already had an opportunity to stress and submit to the members of the Board the grievances of all the organized public bodies of the Saguenay region, September 17, 1947. You will find in the files of the Board of Transport Commissioners proofs with facts and statistics, depositions of witnesses, etc., which showed in sufficiently eloquent terms the inadequate position of the railway in the Saguenay region to serve it properly. Several officials of the Canadian National Railways are aware of the situation and recognize the merits of the demands voiced and repeated time and again over a period of several years by the various public bodies, demands in which was expressed the opinion that the rebuilding of

The first thing I noticed when I stepped out of the plane was the cold. It was a sharp contrast to the warm, humid air of the tropics. I had heard that the weather in the north was harsh, but I didn't realize just how cold it would be. The wind was biting, and the sun felt like a distant star. I wrapped my coat around myself, trying to keep warm. The landscape was a mix of rolling hills and dense forests. The trees were tall and thin, their branches reaching up towards the sky. The ground was covered in a thick layer of snow, and the air was filled with a soft, white mist. I had never seen anything like this before. It was beautiful, but also a little scary. I had heard that the north was a dangerous place, full of wild animals and strange customs. But now, standing in the middle of this vast, open landscape, I felt a sense of peace. The silence was deafening, but in a good way. It was a quiet reminder of how small I was in the face of nature. I took a deep breath, feeling the cold air fill my lungs. It was a strange sensation, but I knew it was good for me. I had come here for a reason, and I was going to make the most of it. The journey had been long and tiring, but it was worth it. I was here, in the heart of the north, and I was going to stay. I looked up at the sky, where a few stars were beginning to appear. The night was young, and the world was still. I felt a sense of wonder and awe, knowing that I was witnessing something truly remarkable. The north was not just a place, it was a feeling. It was a feeling of freedom, of adventure, of discovery. It was a feeling that I had never experienced before, and it was exactly what I needed. I smiled to myself, knowing that I had found what I was looking for. The north was my home now, and I was going to love every minute of it.

the railroad in the Saguenay region was a pressing need.

The Saguenay Council on Economic Planning deems that, like every industry (and the railway is an industry in its way) having regard to the rapid evolution characteristic of these times, it is urgent that the railway industry keep up to date by effecting the changes and improvements from time to time and by securing the equipment and modern rolling stock that would enable it to reduce operating costs which would at once be reflected in the freight and express rates as well as in the charges for other services offered to the public.

The Canadian National railway serving the Saguenay region was constructed about 1887. The layout of the right-of-way, the construction of the railroad, had been carried out for a population of 28,292 inhabitants in the four above named counties (federal census of 1891); this railway is consequently about the same as it was at the time of its advent in Chicoutimi about 1893, with its sharp grades and difficult curves, and must today serve a population of 175,000 inhabitants as well as a region comprising several large industries. This railway is the only one in the Saguenay region connecting with Quebec, Montreal and points beyond.

The Saguenay region boasts of the most powerful hydro-electric plants in Canada, the largest aluminum plants in the world; its pulp and paper industry is the most developed in Canada, and the products of these two big basic industries are exported almost to the extent of one hundred per cent. The Saguenay region, ranking second in importance in the Province of Quebec on the score of its agriculture, is one of the most important in the building





lumber trade and industry. Here, for instance, is the approximate value of the gross production of the Saguenay region comprising the counties of Chicoutimi, Lapointe, Lake St. John and Roberval. Pulp and paper products, 90 million; aluminum products, 60 million; agriculture products, 30 million; products of small lumber industry and wood-working plants, 10 million. Total of gross production, 200 million, forming about 1,500,000 tons of products or the equivalent of 50,000 30-ton freight cars. Products of a total value of 200 million constitute something to be reckoned with in the economy of a region with a population of 175,000 inhabitants. In other words, it amounts to a production value of \$1,550,000 per thousand inhabitants. There is a possibility of doubling and even trebling this production value when the electric power potential of 4 million horse-power has been harnessed (for about 2,300,000 are now available) and our rich mineral deposits of St. Charles, Lake Albanel and Chibougamou are worked.

According to the Dominion Bureau of Statistics, the value of Canada's gross production for the year 1948 is estimated at 15 billion dollars, and the value of exported Canadian products at 3 billion, or the equivalent of \$1,200,000 per one thousand inhabitants in respect of exported products. If one divides the value of the gross production of the Saguenay region (200,000 million) according to its population, (175,000 inhabitants), one arrives at the figure of \$1,150,000 per thousand inhabitants and for our exported products, pulp, paper, aluminum and other commodities (150 million) at \$750,000.00 per one thousand inhabitants or three times the figure





for the whole country. .Therefore, our region figures advantageously in the economic realm of the country and deserves consideration.

The present railway and the service provided by the Canadian National have not been meeting for a long time the needs of the Saguenay region. During the war, it became necessary to discontinue almost entirely the passenger service to make way for freight train traffic.

Delays occur regularly in the transportation of goods to the great detriment of the whole population. The Saguenay region, its population, its trade, its industry, its expansion, suffer grave injury by reason of the present situation. This region has neither the railway nor the service to which its geographical situation, its population, its industries, its trade, its agriculture, as well as the very large revenues the Canadian National derives from this region entitle it. The restoration of the present line or the construction of a new railway as well as a radical improvement of the freight, express and passenger services are absolutely necessary. The situation has taken on such importance that an investigation should be conducted into the whole railway problem of the Saguenay region. However, the Saguenay Council on Economic Planning emphatically opposes any increase in the freight and express rates for the Saguenay region in particular, even with the extensive improvements that may be effected, and does so because of the already too high freight rates that prevail in the region. We are of the opinion that a just and reasonable rate structure should be established and that the standardization of freight rates should be recognized in the greatest possible measure



as constituting the sole means of treating all parts of Canada equitably and as being the best method to facilitate the exchange of commodities between the different parts of the country, encourage industry and agriculture and foster the development of export trade.

For all these reasons and still others, the Saguenay Council on Economic Planning asks the Board of Transport Commissioners for Canada to make a complete survey of the physical condition of the railway, the condition of the rolling stock by itself and by comparison with other lines, of the freight service and rates, the condition of the stations and their surroundings, the inadequacy and slowness of freight trains, the delay in obtaining empty cars, and which threatens every winter to paralyze the pulp and paper industries, the state of level crossings, and inquire as to what could be done to eliminate them in order to protect the public, the density of rail traffic, necessary works and improvements and any other point which the Board may indicate.

EXAMINED BY MR. DESMARAIS:

Q. Mr.Grenier, how long have you been Secretary of the Saguenay Council on Economic Planning?

A. I am the Secretary of the Saguenay Council on Economic Planning only since the month of May, 1949. I was one of the founders of the Saguenay Council on Economic Planning; I have always been a director and chairman of the Council's economic Section Committee.

Q. Is that your sole occupation at the moment?

A. It is my sole occupation at the moment.





Q. What was your previous occupation, Mr. Grenier?

A. I was employed for 23 years by Consolidated Paper, as purchasing agent, and part of the time too figuring out the cost of materials per production of tons of paper. I gave up this position at the request of Mr. Sirois, at the time Chairman of the Unemployment Insurance Commission, to organize the Unemployment Insurance Commission's offices in the Saguenay region, and offices for the Selective Service. I went to work for Price Brothers to organize the employment service and I also served as assistant manager of personnel and handled outside public relations.

Q. Now, the head office of your Council on Economic Planning is located at Chicoutimi?

A. Yes, sir.

Q. What are the aims of this Council on Planning?

A. The aims of this Council according to its charter here, its main purpose; The Saguenay Council on Economic Planning is an economico-social association whose main object is:

1. Unite all the economic forces of the region;
2. Direct and foster the economic development of

the region in keeping with its destinies and in relation to its natural resources, its geographical situation and its human factor, in order to assure it a real and lasting prosperity.

3. Represent this same region before the proper persons and authorities in the economic field, when regional questions accepted by the Council are involved.

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The Council on Economic Planning groups for this purpose the principal bodies or enterprises of a regional character which constitute the mechanism of the Saguenay's economic system, and which are firmly resolved to work hand in hand for the interests of the whole region.

Q. Now, in the second paragraph, at page 1 of your brief, you refer to the territories bordering on the four counties; what are those territories exactly?

A. Those neighbouring territories to which I referred comprise part of Charlevoix as far as La Malbaie. As a rule, when one speaks of the Saguenay, one takes in part of Charlevoix and the territories of Mistassini and Chibougamou north of Lake St. John that are not annexed to the territory but which we include in the Saguenay region.

Q. What is the total population of this region including the neighbouring territories? You set the total population at about 250,000?

A. Yes, sir.

Q. Would you please speak louder, the reporter must understand what you are saying.

A. About 250,000.

Q. Now, in round figures, what is the size of this territory?

A. The size of the territory comprising the four present counties is 50,000 square miles, if one adds Mistassini, Chibougamou, the size could be trebled and should comprise 150,000 square miles.

Q. Did you say 150,000?

A. Yes.

Q. What about the topography of the land?



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A.The land is generally mountainous, with the exception of the valley of Lake St. John and the vicinity of the Saguenay. The Lake St. John country is not mountainous.

Q. What is the topography in the areas traversed by the railway?

A. The land is somewhat mountainous.

Q. What is the railway mileage in your region?

A. From Chicoutimi to the limits of Quebec, I might say, with the part of Dolbeau, about 200 miles.

Q. Now, at page 3, or rather in the third paragraph at page 1, you mention public bodies; will you say what are the public bodies; I suppose the members of your Council, will you mention some of them?

A. The cities and towns; the town of Port Alfred, Bagotville, Arvida, Jonquiere, St. Joseph d'Alma, Roberval, Dolbeau, and all the urban municipalities, the county councils, the members of our Chambers of Commerce and other organizations such as the National Syndicates, and every other organization of a regional character.

Q. You represent most of the public bodies of the region?

A. Yes.

Q. Do you represnt the companies?

A. Some of them; Price Brothers, the Aluminum which is a member by reason of the fact that the town of Arvida is a member; we have several offices, the Consolidated Paper and the Regional Corporation of Wholesalers, the Association of Industrialists and Retail Merchants.

Q. Now you speak of the authorization by the directors and the public bodies of the Council to apply to the

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Board of Transport Commissioners; is it by virtue of this same authorization that you address yourselves today to the Royal Commission of inquiry?

A. Yes, it is by virtue of the same authorization; it was not a royal commission at that time, just the Board of Transport Commissioners which came to see for itself and consider the complaints that had been made.

Q. As a matter of fact, you have a general mandate authorizing you to act on behalf of the Council for its best interests in questions of that nature?

A. Yes, sir.

Q. I noted a moment ago that it was exactly the purpose set out in your charter that you represented everywhere the interests of the region when they are involved?

A. When we submitted this brief to the Board of Transport Commissioners we were sent a letter acknowledging receipt of the resolutions and mentioning especially that we represented the public bodies. Unfortunately, I cannot find the copies in the file.

A. I simply wish to point out to you the difference between the Board of Transport Commissioners, at Ottawa, and the Royal Commission of inquiry, this body sitting here.

THE CHAIRMAN: Q. Was this submission presented to the Board of Transport Commissioners at Ottawa?

A. Yes, Mr.Chairman, September 16, 1947.

Q. With what results?

A. We received resolutions and answers to the effect that the improvements would be carried out.

Q. You may perhaps have written to the Board to





get a reply?

A. According to the outline of this brief, what we had submitted was to be taken into consideration. Certain small improvements were effected in the service. There were certainly a few small improvements.

MR. O'DONNELL: Q. The members of that Board went to your region to hear your representations?

A. Yes, sir.

MR. DESMAIRAIS: Q. Did your Council ask for a reduction in freight rates in your region, on that occasion?

A. We asked for an improvement in regard to passengers, an improvement in respect on express rates, finally an improvement of the general service.

Q. You clearly understand, the Royal Commission of inquiry, as the Chairman pointed out, cannot in any wise be considered as a Court of Appeal of the Board of Transport Commissioners - there is a difference?

A. Yes, sir.

Q. Now, in the last paragraph at page 1, you mention words spoken by Mr. R.C.Vaughan:

"Airplanes and trucks have their own peculiar function to perform, but it is ridiculous to claim that they can replace the railways."

And in paragraph one at page 2, you express yourself in agreement with that statement?

A. Yes, sir.

Q. I assume it can be inferred from Mr. Vaughan's statement that the various forms of transportation have their usefulness and that in view of the present situation, there should be a national policy on transportation - have you any views to express in that regard?





A. Yes, sir, it would be a good thing, it would improve matters, the situation can be improved in so far as there is a way --- means of understanding between the provinces and the federal authorities.

THE CHAIRMAN: Q. Is there a truck service in your region?

A. Yes.

MR. DESMARAIS: Q. In your view, speaking generally, in a few words, what part of transportation should be assigned to trucks, to buses and to the railways; how do you think transportation could be divided?

A. In my opinion, the national policy on transportation should relate to railway matters; as for transportation by trucks and other means, it is rather difficult to take away the autonomy of the province in this respect; the province built the highways and looks after their upkeep.

Q. Now, do you believe it would be advantageous to co-ordinate in some manner these various forms of transportation so that each service would be assigned to the task it could perform the most efficiently and the most economically?

A. That might help.

Q. Is it your view that it would be advantageous to have such a coordination in regard to such services?

A. Yes, coordination performs a function anywhere.

Q. Now, you pointed out the difficulties that arise immediately by reason of the fact the railways are subject to federal jurisdiction and highway transportation comes under provincial jurisdiction; do you believe it is possible to find a solution for that difficulty?

A. The difficulty would certainly not be easily overcome for the reason I gave, when the geographical situation

*[Faint handwritten notes or bleed-through from the reverse side of the page.]*

Age Group	Percentage of Respondents
18-29	85%
30-49	80%
50-69	75%
70+	70%

... ..

[illegible]

is taken into account, however, with everybody showing good will ---

Q. Now, it has been suggested in certain briefs from other sections of the country that a co-ordinating commission of the various transportation services be established and that the federal government and the provinces be represented on that commission; have you any opinion to express on that?

A. If such a commission were established the province would have to be represented.

Q. In the fourth line at page 1 of your brief, you mention that the part of the railway industry in the development of our country is unquestionable; hence, you seem to be in full agreement with Mr. Vaughan's statement?

A. It is unquestionable that our region developed since the advent of the railway.

Q. Now, that statement infers that the railway companies wield considerable influence in the development of the country; is it your view that such influence was wielded for the general well-being?

A. That influence was not exercised in our section of the country on our behalf; on the other hand, there are other centres more favoured than ours, such as Montreal with Toronto, and others, Sherbrooke-Montreal.

Q. Now, you seem to contend in your brief that the railway gave the first impetus to the development of your region; did the railway continue to contribute to the development of your region to the same extent in the course of the last few years?

A. No, it is absolutely clear, it is the view of the whole population that the railway did not -- that the railways

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did not keep abreast of the times or did not carry out the developments or effect the changes or improvements that were imperative, having regard to the rate at which the Saguenay region developed industrially and economically.

Q. Now in the second paragraph at page 2, you mention that the railway provides a dependable means of transportation for the Saguenay. Do you mean dependable at all times of the year?

A. Yes, especially in the matter of heavy commodities.

Q. Now, your region is also served, I suppose, by other means of transportation, trucks, buses?

A. Yes, sir.

Q. Do these various forms of transportation services operate throughout the year?

A. With the exception of navigation, they operate throughout the year.

Q. I understand there is a certain highway between Quebec and Chicoutimi known as the Talbot Boulevard?

A. Yes, sir.

Q. What is the distance between Quebec and Chicoutimi by the Boulevard?

A. About 135 miles.

Q. And by rail?

A. 225 miles, Chicoutimi to Quebec.

Q. Can one assume that this new road will increase highway transportation rather extensively?

A. Yes, sir.

Q. What is the present percentage of goods transported by truck in your region?

A. It is considerable, it is fairly considerable. it would be rather difficult to give a figure; I believe that





for light traffic it is about in the ratio of 25 to 30 per cent.

Q. Now, what is the percentage of passenger traffic by bus?

A. For buses and planes, 75 per cent of travellers avail themselves of this mode of travel during the summer.

Q. Is the percentage the same in winter?

A. It may be slightly less in winter.

Q. In regard to navigation, do the boats operate throughout the year or for a few months only?

A. Six months, from May to November.

Q. What type of goods is transported by boat?

A. Paper during the summer; the paper companies avail themselves of boats to ship paper during the summer months; there are also the products needed for the making of aluminum, also certain wood pulp products.

Q. Does that account for a heavy percentage of the traffic, of the goods transported?

A. Perhaps 50 per cent.

Q. Are you of the opinion that highway traffic and planes may eventually replace to a great extent railway traffic in your region?

A. If no substantial improvements are effected, if the line is not shortened in order to lower rates and provide a speedier service, competition will certainly become stronger and stronger and the railway will certainly become a back number in the matter of travelling.

Q. At page 2, paragraph 2, you state that:

"..the railway has not accomplished the progress that should have been recorded and did not effect the necessary changes and improvements"----





And later, at the last page, in the last paragraph, you enumerate various items that call for improvement; would you please give definite particulars in regard to these various items. For instance, you mention the freight service and the rates that apply. Could you give more particulars on this item and then with reference to the other items?

A. The length of the road, with the cars, the slowness of the service, certainly call for improvement, for even if transportation by truck seems more costly, there will certainly always be sharp competition, for take, for instance, the speed of trains. We have a Quebec-Chicoutimi train that travels at an average speed of 22 miles per hour; it is about the same speed for the two; the Quebec-Dolbeau train travels at an average speed of 22 miles per hour, and as far as Dolbeau, at 27 miles an hour; on the Montreal-Toronto run, the speed is 53 miles per hour; Montreal-Halifax, 28 miles per hour, it is a long distance; Montreal-Quebec, 47 miles per hour; Montreal-Ottawa, 48 miles; Montreal-Sherbrooke, 37 miles. Those are the speeds at which the trains travel on those runs. Compare them with the rates of speed in our region.

Q. Are you referring to all trains, or have you passenger or freight trains in mind?

A. I am speaking of passenger trains.

Q. You spoke of the slowness of trains between Quebec and Chicoutimi; as for the slowness of both passenger and freight trains, you are aware that the railway in your region crosses an extremely mountainous country?

A. I have here a memo of a few shipments in 1949,



which left Grandes Piles. Some cars were dropped on the way; it took 13 days from Grandes Piles to Chicoutimi. Then, take the distance between Levis and Chicoutimi, it took 18 days; from Montmagny to Chicoutimi, 11 days; from Montreal to Chicoutimi, 7 days, 10 days, 9 days, 10 days, 10 days; and if you want to confirm this, I have the figures here. From Toronto, 13 days, 21 days, 25 days, etc. That gives you an idea of the slowness of transportation in the region, and the people have a tendency to make use of trucks in order to get the goods as quickly as possible.

Q. You seem to have charts showing comparisons with other regions as to the speed of the trains; I am wondering if those charts should not be filed?

A. I can leave the copy with you, and you can forward me an extra copy later on.

Q. Then, you might perhaps, if you have other documents, file them together, with other exhibits later on when you have completed your testimony. You also mention at the same page in the middle of the paragraph that, as a consequence of this state of affairs, the rates have remained high; have you completed the enumeration of complaints about the freight service and rates?

A. On the subject of freight rates, I have some figures by comparison with the rates of the other regions. I have here, for instance, the comparative rates between Toronto and Montreal, 350 miles, for the regular classes, 1,2,3,4,5, \$1. 87,76, 64 and 50 for 353 rail miles; you have the Montreal-Chicoutimi rates, 313 train miles, for the same classifications, 1, 1.31, 2, 1.16, 3, .99, 4, .82 and 6, .65.



Q. I understand that all this is set out in the table you have before you at the moment?

A. Yes, sir.

Q. If you wish, that will be filed as an exhibit along with all your documents?

A. Yes, sir.

Q. Have you anything else to add on this question of freight rates? Now, what have you to suggest in regard to the schedule of express rates?

A. In regard to express and freight rates, we should have a pick-up for both types of carriage. We have not got that in the region. Take an article shipped from Shawinigan, one must add 30 cents to pay the carter as there is no delivery pick-up. If one had the pickup service, those two charges at each end would be eliminated.

Q. Now, you refer to the passenger service; have you anything to add to what is set out in your brief?

A. Yes, in regard to the passenger service, the coaches are uncomfortable; there is, for instance, the matter of cleanliness in the coaches; we have now no air-conditioned coaches, we have no steel coaches, the roadbed is so bad that a person cannot sleep on the train; it is all one can do to stay in the berth and barely escape being tossed out. Mr. Sylvestre had his own experience in that connection when he came to Chicoutimi for a hearing, and when he went to Chambord and returned to Montreal at night, seven coaches jumped the rails and he happened to be in one of those coaches. So, there would have to be improvement in the matter of cleanliness and the roadbed. Service should be provided with the needed coaches so as to make it possible to compete







with other means of transportation, by plane, by truck or bus.

A. I also note that you refer to the condition of the stations and their surroundings?

Q. The stations are in a rather pitiable condition, they are in bad need of paint; the waiting room, the toilets generally are unclean. The surroundings are shabby too. The waiting rooms lack conveniences for the women or the men. Two stations, those at Arvida and Jonquiere, have been opened. They are not half bad. Unfortunately, construction of the station at Chambord has just been started, but the foundations are being laid. As for the other stations, that at Chicoutimi and other points, they leave much room for improvement.

Q. You also spoke of the slowness of freight trains -- stated that there are often empty cars every winter and that other cars are loaded with paper and lumber?

A. Yes, there is always a scarcity of cars every winter and in 1947 the paper companies and the Aluminum Corporation, the companies engaged in logging operations in the interior and which have to import certain other goods, are so inconvenienced and this is so true that they ask themselves whether they will close down any day.

Q. That recurs every winter, is it impossible to secure empty cars?

A. We are given all sorts of reasons: the cars are in the West -- some have gone in the vicinity of Montreal, and we are told that steps will be taken to transfer them as speedily as possible. This upsets everybody, the workers are reported to lose time because of this dearth



of empty cars, and during all that time people are on tenterhooks.

Q. Then, to follow up what you mention at page 2, in paragraph 2, that as a result of this state of affairs the rates have remained high, do you think the rates could have been reduced in your region if the improvements had been made?

A. We believe that the rates could have been adjusted in such a way to bring about a uniform rate, at least at the level of the Toronto to Montreal rate, for 353 miles to Chicoutimi the rate is \$1.31. We are of the opinion it should be possible to standardize the rates and set them at least at that figure.

Q. Now, at the second paragraph on page 2, you state that even the existing industries must face difficult competition; you refer to a few of the pulp and paper industries. Would you give me an idea of the total production of the pulp and paper industry in your region?

A. The total production of pulp and paper in our region, the output of the small paper mill, amounts to 900,000 tons a year, or 300 tons a day; the Aluminum Corporation produces 300,000 tons a year; the production of other industries is about 300,000 tons a year; we estimate at about 500,000 tons the total of other products.

Q. What are the markets for the pulp and paper products?

A. They are mainly in the United States for 90 per cent of the output.

Q. How are these products shipped?

A. By car, but in summer it is less costly to



ship these products by water than by rail.

Q. And by rail?

A. Though shipments are still made by rail to certain parts of the United States, to the central States, as much as possible is shipped by boats to all available ports in the United States, but I know it is more advantageous for the companies to transport these products or to bring in the goods they require by water in summer.

Q. Does the situation you described a moment ago place your pulp and paper industries in a position inferior to that of their competitors?

A. Certainly, take for instance the paper mills situated in the Trois-Rivieres area, the International, the St. Lawrence are certainly in a more advantageous position because they have a shorter haul than those of the Saguenay region in shipping to the United States.

Q. Is it merely a question of distance?

A. It is at the same time a question of rates, of tolls. I have been told that there is a difference of \$1.00 per ton between the St. Maurice valley rates and those that apply to the Saguenay region on shipments of paper to the United States.

THE CHAIRMAN: Q. You mean by rail, you are not speaking of boats?

A. No.

MR. DESMARAIS: Q. You spoke of the logging industry, the lumber industry?

A. The lumber industry, especially.

Q. What are the markets for lumber?

A. We have a market for lumber products in Quebec, Montreal and Toronto, and we make shipments to certain industries in England.





Q. Now, can what you said a moment ago as to the railway have any bearing on your situation with reference to the marketing of lumber?

A. Yes, especially in winter. When we ship lumber in winter to be exported abroad if we do not have railway rates comparable to those applicable to other regions, we are at a disadvantage in that respect.

Q. Now, what are your principal agricultural products?

A. We have livestock, and perhaps we do not have enough cars in Lake St. John; there is also butter, cheese, potatoes, milk, foodstuffs and the famous blueberries.

Q. I mean agricultural products shipped to points outside your region; what are the principal products?

A. During the summer season, blueberries constitute the principal commodity, and possibly cheese; but blueberries call for quick, speedy handling and I happen to know that an organization is being set up so that the shipping of this product will be done henceforth by truck or by plane.

Q. Up to now, blueberries have been shipped by rail?

A. Yes, sir.

Q. The yield is rather extensive?

A. On the basis of a small investigation conducted 3 years ago in an area where there was a good yield, we shipped as many as 500 carloads of blueberries in a season. Recently, I received orders at my office from prospective buyers for 37, 25 carloads and another order for 50.



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Q. It is the largest blueberry producing centre in the province?

A. Yes, sir.

Q. You are not faced with much competition from other centres?

A. Yes, from Abitibi<sup>and</sup> Newfoundland, where the blueberries are frozen, but the Newfoundland blueberries seem to lack something of the quality of the blueberries from the Saguenay region.

Q. You also mention potatoes, the production of which is fairly extensive?

A. Yes, we have potato co-operatives and we require several cars for shipping. One of our directors told the Council last year that they had to ship potatoes to the Toronto markets and he advised us that they could not meet the competition of freight rates applicable to potatoes shipped in the Maritime provinces.

Q. Then, in your opinion, the shippers of the Maritime provinces would be more favoured competitors in the matter of potato production?

A. Yes, in regard to potatoes.

Q. Now, when you mention at page 2:

"The existing industries" --

must one infer that by reason of the situation you speak of, it is difficult to establish other industries in your region?

A. Possibly not small industries, because there are always means of transporting goods other than by rail, yet nevertheless it is still preferable to make this shipment by rail over a long distance, because trucks are not practical for a long haul, but it is

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certainly a practical method of transportation over a short distance, between the towns.

Q. At the top of page 3, you state that representations were made to the Canadian National Railways. Have you been advised of the results of such representations made by you?

A. Well, one cannot say that there has been no improvement whatsoever. There were certainly a few minor improvements. For instance, the freight service is perhaps a little more satisfactory now. We cannot now say that there has only been maintenance work done. In the matter of improvement, changes, new developments, one can note no substantial change.

Q. On an average, how many cars make up a freight train in your region?

A. We are given to understand that 30 to 40 cars are the maximum number that can be made up into a train, and I am told that in the Abitibi region, a flat country, there are as many as 100 cars to a train.

Q. In the last lines of the second paragraph, page 3, you state that these improvements could be reflected in the freight rate structure and the other services; have you highway transportation in mind?

A. No, only railway services.

Q. At all events, by linking those ideas together, is there any relationship between the railway tolls and the highway transportation rates in your region?

A. The rates for highway transportation, over a long distance are certainly higher than railway charges, but if the roadbed -- if we had a good roadbed, or a railroad of a length no greater than that of the Talbot

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highway, I think the rates could be adjusted properly for this service.

Q. Now, if the rates are higher for truck transportation, how does it happen that preference is given to the trucks?

A. It is because people want to get their goods; that is what counts.

Q. That is to say, it is because of the rapid transportation?

A. Yes, sir.

Q. What is the difference between truck transportation and transportation by rail, between Quebec and Chicoutimi?

A. In the freight service, it may vary from two to three days, unless the goods are shipped by a pool car, like the Tremblay Express, if I did not ship by way freight, there may be a few days' delay.

Q. At page 3, in the second paragraph, you mention the year 1887 and state that there has been no improvement whatsoever in the line. Was this line not improved from time to time as was the case in the other regions?

A. Perhaps in the reduction of curves and sharp grades, but we do not believe that there have been substantial improvements, even though there has been some improvement.

Q. Do you believe that the advent of highway traffic may perhaps have been one of the reasons why these improvements may not have been made?

A. Probably, the railway in our region was not faced with competition, and the operators were perhaps inclined to neglect the roadbed somewhat.

Q. The Canadian National railway is the only railway







operating in your region?

A. Yes, sir, and that is what of necessity developed truck transportation in our region owing to the lack of rapid transportation in our region on the part of the railway.

Q. Now, at paragraph 3, at page 3, as a matter of detail, could you give me the names of a few of the principal industries you refer to?

A. There is the Aluminum Company.

Q. What are the others?

A. The Aluminum which manufactures at Ottawa, at l'Ile Maligne, Saguenay Terminal engaged in transportation to Port Alfred, there is the Consolidated Paper at Port-Alfred, Price Brothers who own three mills in the region of River Bend, Jonquiere and Kenomagi, there is the forestry department which cuts 500,000 cords a year, there is the St. Raymond Paper, the Lake St. John Paper, Price Brothers Company, the companies manufacturing furniture, Saguenay Furniture, L'Industrielle de St. Felicien, there is the small sash and door industry, we have certainly about fifteen industries.

Q. I believe you have listed the most important and those to which you refer at the moment are the small industries the production of which, according to your calculations, runs in the 10,000,000?

A. Yes, sir.

Q. What are the main products of the small industries?

A. Rough and dressed lumber, canned goods.

Q. What are the markets of these small industries?



A. Quebec, Montreal, a few in the United States, and Toronto.

Q. Now, can the situation of which you are now complaining have any effect on the development of these small industries or of new small industries in your region?

A. Not so much on the small industries as on the large ones because having regard to our electric power potential which amounts to 4,000,000 H.P., and to the fact that we have in our region rich mineral deposits which await power development to be fully worked, like the deposits at Albanel and Chibougamou, so that we believe immense developments are imperative. I have here pamphlets ---

Q. Pamphlets which show the natural resources, -- you might perhaps file them at the close of your testimony by attaching them to the list of exhibits.

A. Yes.

Q. Now, you seem to link the future development of your region with the development of the power potential. Until that occurs, do you think that the presently existing means of transportation are sufficient to meet the needs of your region?

A. These means of transportation are inadequate, as proven by the complaints that have already been received. It is absolutely necessary that transportation facilities such as they are presently be improved, and the transportation rates must also be revised.

Q. And what means can you indicate -- in a few words -- can you give us some explanations with reference to the development of the rich mineral deposits,

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is all that included in the pamphlets you will file?

A. No. However, there is literature that deals especially with the deposits of Lake Albanel and St. Charles. According to prospectors and mining engineers, these deposits contain from one million to five million tons of minerals. I might perhaps file that in the exhibits and give you all the literature on this subject.

Q. Can the railways have any relationship with the development of this region?

A. Certainly, the mineral extracted from these deposits will have to be conveyed to seaports, and a smelter built in the region or outside.

Q. Have you any idea as to the number of freight cars used for the transportation of goods in your region or in other regions, annually?

A. In our region, we estimate at 50,000 -- of 30,000 tons for gross production. However, if one figures out that 50 per cent of shipments are by water, you can estimate about half as much that comes in to supply the region.

Q. Were the cars that entered your region practically empty while those that leave your region had to be filled?

A. A certain proportion had to be empty.

Q. Does the Aluminum Company of America ship most of the raw products by boat?

A. Yes, it brings in its materials of primary manufacture by boat. It cannot secure them otherwise. It exports from St.Thomas and it has its goods transported by water as much as possible, but on certain occasions it was compelled to bring in these goods by rail because



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there is no port available at Arvida from the point whence they bring in these goods.

Q. Now, at the fourth line, at the bottom of the page, you mention the very high revenues of the Canadian National in your region; are you of the opinion that this company's operations in your region net it fairly large profits?

A. Having regard to the traffic in the region, it is our view that the railway company must operate at a profit in the region. In the opinion of those who figure out the profits that it certainly derives a good annual revenue. It nets a profit of about ten millions of annual revenue in the region.

Q. Gross revenues?

A. Yes, sir.

Q. Did you secure this information from the company?

A. We never were able to secure information from the company; we would very much like to secure these data, but I cannot obtain them. However, on the basis of the existing traffic, and by calculating the average freight rates, the revenues work out at about that amount. The company would render the population a great service by enlightening us on this score.

Q. In the second last line you call for the rebuilding of the present line or the construction of a new railway; would one of these alternatives meet the requirements of the region, and what would be the most advantageous plan?

A. It would be the straightening of the curves, the cutting down of the grades, etc., along certain stretches of the line, or what would be better, a shorter right-of-way, like the right-of-way of the Talbot highway.



The first part of the paper is devoted to a general discussion of the problem. It is shown that the problem is of great importance in the theory of the structure of the atom. The second part is devoted to a detailed discussion of the problem. It is shown that the problem is of great importance in the theory of the structure of the atom.

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Advantage could be taken of the undulations of the land that are are not very abrupt and then the road would be but 135 miles long. From Chicoutimi to Quebec, it is certainly possible to improve the line and have a better railroad to compete with the advantageous rates or rates at least comparable to the other rates.

Q. Is Chicoutimi the hub of this Lake St. John region?

A. It is the commercial hub.

Q. Does distribution take place generally from this point?

A. There is Jonquiere, Chambord, one can say that Chambord is at the very centre.

Q. Now, I am informed that the railway skirts the river and runs as far as La Malbaie. What is the distance to complete the journey by rail as far as Chicoutimi?

A. About 70 miles to link up with the line at La Malbaie.

Q. You have no estimates as to the cost of the work, the cost involved in carrying out the different plans you suggest?

A. It is estimated that \$10,000,000 could be expended to improve the line. In the opinion of certain responsible persons who pride themselves in having knowledge of the subject, \$10,000,000 could be spent at the present time to improve the rolling stock, the services.

Q. Now, at page five, at the third line, you mention that the Council is opposed to this increase of the rates. Is it your opinion that the company's present profits



in your region are more than sufficient?

A. We think so.

Q. Have the rates been increased in your region in recent years?

A. There must have been no exception if the rates increased generally. The rates in our region must have been increased as was the case in the other regions.

Q. Now, how do the rates applicable to your region compare generally with the rates in the other regions of the province?

A. They are higher between the principal regions of the province.

Q. Now, generally speaking, is the transportation of goods by rail in your region not more difficult on account of the mountainous land, a condition that may be the cause of the slightly higher rates?

A. Certainly, but that condition should be improved. In trade and industry, competitors organize themselves to hold their own against their competitors. If you have competitors which are the trucks and buses, the railways must organize themselves to meet them on an equal footing. Still greater competition is to be expected. The march of progress in this field cannot be stopped and the railways too should act accordingly.

Q. In the first paragraph at page 5, you speak of the establishment of a just and reasonable rate structure and say that the standardization of freight rates should be recognized in the greatest possible measure as constituting the sole means of treating all parts of Canada equitably and as being the best method of facilitating the exchange of commodities between the different parts of the

10.10.10

Dear Sir,  
I have the pleasure to inform you that the same has been forwarded to the proper authorities for their consideration.

I am, Sir, very respectfully,  
Your obedient servant,  
J. B. [Signature]

I am, Sir, very respectfully,  
Your obedient servant,  
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country, encourage industry and agriculture and foster the development of export trade?

A. The standardization of rates, that is to say the same rates would apply to the same classifications of goods, only according to distance, and next with the same service, a uniform service everywhere. There should be first class cars in our region and elsewhere, and if there is an express pick-up service, there should be a corresponding service everywhere.

Q. In a word, you mean for the same conditions the same rates?

A. Yes, sir.

Q. In your opinion, should the rates be standardized for the whole country, should be equal in the various parts of the country?

A. Certainly, and we would ask that an enquiry be conducted on the standardization of rates.

Q. Now, in the Western and Maritime regions, it was represented to this Commission that the rates in Quebec and Ontario were lower because of the competition from other means of transportation that exist in the two provinces. If such is the case, and the rates should be equalized and set at the same levels as those in effect in the other regions, what have you to answer to that?

A. I do not believe that the centres that are near any market, that the consumer should be handicapped because he is close to a railway or other means of transportation. He should have the benefit of those things. In my estimation, it should be possible to work that out by way of a subsidy or there should be some means to equate this difference in rates.

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Q. To revert to the standardization of rates, would you favour this principle of equality for all, even if that would mean that the rates in Quebec and Ontario would have to be increased somewhat?

A. Our rates are higher than elsewhere.

Q. Even if it was a question of standardizing the rates from one end of the country to the other?

A. I understand that everybody would be on the same footing.

Q. And if you add now that this economy would be the best method of facilitating the exchange of commodities between the different sections of the country, spokesmen for the Western and Maritime regions have represented that they must have access to the Quebec and Ontario markets and that their products must be hauled long distances to reach the markets of these two provinces, and by reason of that factor they must pay much higher rates than their competitors in these two provinces. Hence, they seek lower rates in order to reach these markets, <sup>and</sup> by permitting <sup>it, is</sup> <sup>as is</sup> suggested in your brief, producers established in the provinces of Quebec and Ontario would be affected by the abundance of products coming from the other regions, as, for instance, New Brunswick potatoes, butter and apples?

A. I do not think so; I believe there is room on the Montreal market and elsewhere to absorb those products. Apart from that, there are exports to the United States. There is certainly room to absorb those products.

Q. Would those commodities coming from other regions come into competition with the products of the Province of

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Quebec and Ontario? Do you believe that the great influx of these products could affect the income of the Quebec and Ontario producers?

A. So long as the latter are not penalized by the imposition of excessive rates. However, I believe a way out can be found by means of subsidies.

Q. What would be the effect on the Quebec producer, that is the answer I should like to have to my question. Should a large quantity of potatoes come from other parts of the country, in what position would the Quebec producers be? Do you believe that prices would drop and that the revenues would be smaller?

A. That is a puzzling question. I do not know, I am not engaged in the field of economic specialities.

Q. Do you believe that a producer located close to the market or the large centres should retain the advantage of his situation and that he can produce more if he is at a more distant point?

A. I believe he should retain the advantages of his situation, for his production costs are greater than if he were located at a more distant point, in the rural districts.

Q. Now, in the last line of the first paragraph at page 5 of your brief, you refer to the development of export trade. Do you believe that the railway rates can exercise some influence, and if so, up to what point?

A. High freight rates undoubtedly exert some influence.

Q. This trade is subjected to the prevailing conditions in the other countries?

A. I understand.

Q. Those are about all the questions I wished to



ask you.

A. I believe the matter has been threshed out at some length.

Q. Have you any other documents to file?

A. I will file the documents that were referred to a moment ago.

Q. Then, you will file these documents as Exhibit 67; we shall tell you where to send them?

A. Yes, sir.

EXHIBIT No. 67: Documents, pamphlets, tables, etc. produced by Mr. P. Grenier, for Saguenay Council for Economic Planning.

CROSS EXAMINATION BY MR. O' DONNELL:

Q. You say the railway reached Chicoutimi about 1897?

A. In 1893.

Q. From 1893 until the coming of trucks four or five years ago, the railway constituted about the sole means to serve your territory?

A. Yes, sir. The trucks came into our region before that. There has been a highway connecting with the outside world for the past 20 years.

Q. There were not many trucks compared with the number in use now?

A. They were fewer in number.

Q. In all those years, it was the railway, as you state in your brief, that developed the territory and that made possible a very considerable increase of the population and the existence of the industries that are now operating in the region of the Saguenay?

A. Yes, sir.

Q. That is correct?



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A. Yes, sir.

Q. You have today, apart from the railway, the truck service and during the summer months the navigation service on the Saguenay River?

A. Yes, sir.

Q, I believe, Mr.Chairman, it would be advisable to file a map of the region to show you exactly what is available in the matter of transportation by rail, by truck, by automobile, by buses as well as by navigation on the Saguenay River, and I file, in the circumstances, as Exhibit 68, a map of the Province of Quebec, showing the routes I refer to. On map Exhibit 68- we have as highway service: No. 1, the highway, starting from Quebec and running to Chicoutimi by way of Hebertville, and No.2 , we have the highway, the Talbot Boulevard which goes to Quebec, by Laterriere to Chicoutimi. That Talbot Highway, you will see, breaks off to the right of the first route that I mentioned, and runs to Laterriere?

A. Yes, sir.

EXHIBIT No.68: Highway of P.Q. and Saguenay  
Region. Filed by Mr. O'Donnell.

MR. O'DONNELL: Q. The length of the Talbot Highway, I am told, is 135 miles?

A. About that.

Q. And by Hebertville, 169 miles?

A. Yes, sir.

Q. As a third highway, there will be one passing through Baie St.Paul - Port Alfred?

A. Yes, sir.



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Q. You see that one, Baie St.Paul to Port Alfred?  
The latter would cover a distance of about 155 miles?

A. Yes, sir.

There is also another highway from Quebec to St.  
Simeon, along the St.Lawrence River, and after that  
Grande-Baie, and Bagotville, the distance from the latter  
is about 201 miles?

A. Yes, sir.

Q. As highways, you have those four roads, and I am  
informed that recently the trucks are more numerous  
than they were before and they offer tremendous com-  
petition to the railways. Furthermore, the opening  
of the Talbot Boulevard may give cause to expect that this  
competition will be greater in the near future.

A. Certainly.

Q. And apart from the competition provided by the  
highways and trucks, there is also the competition in  
summer from coastal navigation on the Saguenay River.

A. Yes, sir.

Q. And is competition from trucks, truckers and also  
coastal navigation not conducted without any regulation  
of rates; truckers charge what they will, or what they  
can get?

A. I believe there is the Provincial Transport Com-  
mission which controls the rates for trucking.

Q. According to my information, the rates are not  
regulated, and I am also advised the truckers charge  
what they can obtain?

A. I cannot say as to that.

Q. I am told there is no regulation in the matter of  
rates; I agree with you in regard to the franchise, an  
application must be made.

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A. I know that for the passenger services the rates are set by the Commission when the franchise is granted.

MR. DESMARAIS: We shall verify up to what point penalties are imposed for not sticking to the rates and matters of that kind.

MR. O'DONNELL: Q. You are aware of the fact that truckers, notwithstanding the rates they should have filed with the Commission to secure the franchise, do not abide by those rates?

A. I could not tell you.

Q. You are not informed on the matter?

A. No.

Q. Are you aware of the fact that there is no set schedule of rates in regard to coastal vessels and they compete against the railways without being compelled to have set rates?

A. I could not say, I am not acquainted with that either.

Q. Thus, for some years now, the competition of trucks in the matter of freight, and of buses in the matter of passenger traffic, in relation to railways, has increased considerably?

A. Yes, sir.

Q. I believe, Mr. Chairman, it would be well to file a second map as Exhibit 69, showing the railway line in the region about which the witness is speaking. The map is captioned:

"Canadian National Railways, Central Region, Location of Railway Lines on Laurentian Division, not to scale.

EXHIBIT No. 69: C.N.R.- Central Region, Quebec District; Location of Railway Lines on Laurentian Division - Not to scale.

1. The first...

2. The second...

3. The third...

4. The fourth...

5. The fifth...



MR. O'DONNELL: Q. For the purposes of the record, Mr. Chairman, I believe the railway mileages are, from Quebec to Chicoutimi, 227 miles, from Chambord to Dolbeau, 57 miles, from Baie St. Paul to La Malbaie, 28 miles, all told 302 miles of railway lines.

A. Now, sir, could I add something? We were asked to give the mileage of the line in the direction of the Saguenay. In that connection, I included the limits of the part of Quebec, and the part of La Malbaie, which gives 200 miles for the region.

Q. Then, Mr. Grenier, you have apart from that, you have the passenger service. How many passenger trains have you daily, from Chicoutimi to Quebec, and Quebec-Montreal?

A. One train a day, at night, and in the daytime, three trains a week.

Q. Have you made a survey of the number of passengers who avail themselves of this service?

A. I did make a small investigation with the local railway agent. You see, my office is in close proximity to the trains. In the daytime, they pass at the rear between 8.05 and 9 o'clock. There are very few passengers aboard. The coaches are practically empty in summer.

Q. In the matter of passenger traffic, the coaches are not heavily loaded; there are very few passengers?

A. There are very few passengers.

Q. And I suppose the buses get most of the passengers who prefer that mode of travel to the railway in summer?

A. Yes, because it is a faster and more advantageous service than that of the railway in the summer.

Q. The aeroplanes also attract a large number of passengers?





A. Yes, because this mode of travel requires 55 minutes to go as far as Montreal, and it takes much less time to go to Quebec, travelling by plane.

Q. This is in line with the normal trend of all improvements that have taken place throughout the whole country, and everybody knows that planes are much faster than trains, and draw many more passengers and so do the buses?

A. Yes, but nevertheless, it is true that it is in people's nature to want to travel ever faster. One cannot halt progress. Yet, if we had a good passenger service and if we could sleep at night in your cars, it would be much easier for us people of the Lake St. John district to travel by train in a pleasant manner, and we would prefer travelling by train if we had proper railway accommodation. Instead of renting a hotel room in advance, we would travel by night; we would have our berth, we could sleep and on reaching Quebec we could transact during the day whatever business we have to attend to, and then return by the night train. We would not lose time and we could dispense with the rental of a room at Quebec or at other places when we are there for one day only.

Q. But, Mr. Grenier, as a matter of fact, we have sleeping cars?

A. Yes, but the line is so defective that it is impossible to sleep. We are thrown about, we are tossed out of the berths, one has to cling to them.

Q. It has been found that this is the rule throughout the country.

A. Derailments are so numerous, often enough, that one cannot run the risk of being killed when one can travel



more easily in another way.

Q. As a matter of fact, I am advised that the sleeping cars are adequate for the traffic?

A. They are certainly adequate in these times;nobody travels.

Q. For the purposes of the record, I should like to set down the facts in regard to sleeping cars. There are two each day on the Montreal-Chicoutimi train, train 116-211, and on the Chicoutimi-Montreal train, train 212-115, a sleeping car on the Montreal-Dolbeau train, the train that operates three times a week, No.116-211-195, a sleeping car on the Dolbeau-Montreal train that runs three times a week, 194-212-115, and a sleeper every day on the Quebec-Chicoutimi run, train No. 163-211, Chicoutimi-Quebec, every day, train No.212-164, also a sleeping car three times a week on the Quebec-Dolbeau train and Dolbeau-Quebec three times a week; we are in agreement on that, with sleeping cars sufficient for the people who want to travel by train and who feel they can sleep?

A. Not who can sleep but remain in their berths.

Q. You do not lack sleeping-cars?

A. We may not lack sleeping cars, but it is a question of comfort, of cleanliness of the coaches. The coaches should be clean and comfortable. For that matter, here is a resolution adopted by our Council in regard to the cleanliness of the sleeping cars:

"The coaches should be clean and comfortable especially, the backs of the seats should be provided with head towels and when the seats



"are converted into beds in the sleeping cars, the plush upholstery of these same seats should be covered with towels, so that the passenger's head will not come in contact with the dirty plush, as is the case now. The same remarks apply to the wool spreads covering the beds".

Q. I am told that the service on this train is no different from that on all other trains throughout the country. In the matter of sleeping cars, you do not demand more for yourselves than for the other parts of the country?

A. I have not travelled throughout the whole country, I have travelled often enough between Chicoutimi and Montreal, and I have done so often enough to know that one sleeps badly at night.

Q. Now, the same coaches are in service on the Montreal-Chicoutimi run as on the other lines?

A. We have not always air conditioned coaches.

Q. Neither are such coaches available throughout the whole country. Air conditioned coaches are an innovation that are being provided everywhere.

A. We have been asking for them for a long time.

NOON ADJOURNMENT:

- - - - -

AFTERNOON SESSION

(English text - page 5342 and continuing on 5343).  
Resuming French text on page 5343:

MR. O'DONNELL: Q. A few more words about the sleeping-cars. The divisional superintendent advises me that all those coaches, sleeping cars, are air conditioned coaches.

A. We do not agree on that point, I am not yet ready to agree that all are.





Q. I am advised, and I hold the information from the divisional superintendent, that the coaches operating now on your line, in your region, are air condition coaches, sleeping cars, and you know that all the passenger coaches in that division are steel coaches and that they are no longer wooden coaches.

A. I can find out.

Q. I am advised that the sleeping cars and the passenger coaches are such as I have just told you.

A. If all are of that type, it must be but recently.

Q. Since two or three years?

A. No, I do not believe it.

Q. My information is that the same standard of equipment used on the main lines throughout the country is in use on that line.

A. ....

Q. Then, I understand that the buses we spoke of a moment ago can now cover the distance from Chicoutimi to Quebec in three hours?

A. In three hours and a quarter.

Q. Then, you have five or six buses travelling daily in each direction?

A. At the present time we have about four buses travelling daily in each direction.

Q. In the case of passengers travelling at night, it takes about nine hours to cover the distance?

A. It takes longer than that, nine, ten hours.

Q. The company holding the bus franchise, bus 500, is a company headed by one Crevier?

A. We have two bus services, one between Lake St. John that passes by the National Park and another that





operates on the Talbot Boulevard, the buses 500, that is the Crevier buses.

Q. The Crevier bus service is identified by the label Taxi 500?

A. Buses and Taxis 500.

Q. And this Crevier franchise or the one known as 500 is the one for which the Canadian National made application in the year 1937-38?

A. I could not tell you.

Q. My information, Mr.Chairman, is that the Canadian National Railways Company is purported to have applied for this bus franchise in 1937-38; the franchise was granted to Mr.Crevier who today operates the bus 500 service; you are not aware of that?

A. I am not aware of that.

Q. I believe that is all about the bus service. Do you know, Mr.Grenier, that they have to use two locomotives on the freight trains?

A. Yes, sir.

Q. On account of the grade and the difficulties of operation?

A. Yes, certainly, if the grades could be avoided, two locomotives would not be required.

Q. I agree, but at the moment, the operation is very difficult, two locomotives have to be used on the freight trains on account of the grades you mention?

A. Yes, the improvement of that section would help to reduce the rates because operating costs would be lower.

Q. Because operating costs would be lower?

A. That might be, I know nothing about it; I have made no study of the matter.



Q. You stated, if I understood correctly, that the service has not been improved. I mean by that that the line has not been improved and that the freight cars used on the line are reputed to be the same that have been in use for years. Is that quite correct?

A. No, I said the line had not been improved in keeping with the development of the region.

Q. But the line is well maintained?

A. Well, one must believe it is maintained.

THE CHAIRMAN: Q. If people cannot sleep in the coaches?

A. ....

MR. O'DONNELL: Q. That is relative; there are people who sleep quite well and there are others who do not sleep so well.

A. I think that no passengers sleep, unless they are very tired.

Q. As a matter of fact, there are places where many improvements have been made. 80 to 85 pound rails have been replaced by 100 pound rails on the greatest stretch of the line between Quebec and Chicoutimi.

A. I know that changes have been made in that connection.

Q. Apart from that, crushed stone has been put on the roadbed instead of the ordinary or lighter gravel?

A. Yes, that is anormal thing in connection with maintenance of the roadbed.

Q. The roadbed was improved by spreading crushed stone in the place of the ballast that had been there for years?

A. Yes, sir.

10

Q. And you mentioned that a new station was being built at Chambord?

A. Yes, sir.

Q. Apart from the station, was a roundhouse built for the locomotives?

A. Yes, recently; we are of the opinion that improvements may have been made, especially in regard to maintenance of the roadbed. It needed maintenance but, strictly speaking, that does not constitute what we could call improvements.

Q. The capacity of the roundhouse at Jonquiere has also been increased?

A. Yes, it is probably normal, it was needed.

Q. At Riviere-A-Pierre, at Jonquiere-Chambord and at Chicoutimi, the tracks have been increased in the sorting yards at those places?

A. Perhaps, yes.

Q. And also the sidings between Quebec and Chicoutimi? I am telling you that many improvements have been made in recent years?

A. Yes, there were perhaps a few improvements.

Q. Now, there was tremendous traffic?

A. Yes, but the improvements made were necessary, really imperative improvements.

Q. That may be, but on the other hand, I know you did not do it intentionally, but you let it be represented that nothing had been done?

A. One can say substantially that nothing has been done to improve the line or shorten the distance. The mileage has not been cut down, the grades have not been reduced, the curves have not been straightened.



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Q. The roadbed as such, the rails and the ties are much better than they were a few years ago; it may be because necessity demanded it, as you say, but at all events, you admit that the line is in better condition?

A. Naturally, whatever was defective had to be replaced.

Q. Your proposal relates to the line, that this line be shortened and that the grades be reduced, that is what you have in mind?

A. Yes, that might make it possible to shorten the line by a few miles by reducing the curves, or re-locating the line.

Q. Today, all the freight offered the railway for transportation is handled at the moment?

A. Yes, probably.

Q. The freight traffic is not as extensive as it was during the war?

A. Yes, it is as extensive because the production of aluminum today is much greater than it was during the war, and the paper mills are producing much more than during the war years.

Q. The output of the mills fell off recently?

A. Not the output of the paper mills.

Q. Be that as it may, everything that is offered for transportation by the railway is handled?

A. Handled perhaps, but over a distance that should not be and by slow haul that should not prevail either.

Q. During the summer, the Aluminum Company uses boats on the Saguenay River?

A. Yes, as far as Port-Alfred which is its seaport.



Q. And during the winter, when transportation by water is at a standstill, it is the railway that replaces navigation?

A. Yes, but the company also uses the railway in summer for the transportation of certain materials, but certainly not as extensively as it does in winter.

Q. The same situation prevails in regard to the paper manufacturers during the summer -- they use the boats?

A. Yes, except the Lake St. John Company, at Dolbeau, which only uses the railway because its mills are located some distance from the river.

Q. You have made no survey as to the amount of money expended for road maintenance or the improvements I spoke to you about -- you are not informed on that?

A. That is to say, one has a hazy idea. We would like to be informed on that point.

Q. You have no figures?

A. It is claimed that the rebuilding of the present line and the reconstruction of the stations, that the improvements considered imperative, would, according to certain experts, cost the railway about ten million dollars.

Q. If I understood correctly, you said that the trucks charge higher rates than the railways?

A. I did not verify that, only there is no doubt that their rates are higher for along haul.

Q. Do you say that the rates charged by the trucks are higher than the railway rates, from Chicoutimi to Montreal?

A. There is no doubt that for certain goods figured by weight, the rates would be higher than for transportation by rail.

.....

Q. Do you claim that the rates charged by Quebec truckers to carry goods from Quebec to Chicoutimi are higher than the railway rates?

A. I could perhaps prepare a short memorandum for you on the subject, conduct a small investigation.

Q. You do not know now, you are not in a position to state so today?

A. Not definitely. I am not in a position to tell you.

Q. Are you of the opinion that trucking rates should be regulated because railway rates are regulated, are they not?

A. This is probably a matter that rests with the provinces and I would not like to make any statement whatever with reference to that field.

Q. I know that is a matter vested in the province, but on the other hand, the order in council setting up this Commission speaks of a national transportation policy. Do you think it would be a good thing to have the rates of all forms of transportation, boats, planes buses and railways, regulated, set so that their application would be mandatory?

A. I do not know.

THE CHAIRMAN: Q. Regulated by the same authority?

MR. O'DONNELL: By one authority.

THE CHAIRMAN: The same authority?

MR. O'DONNELL: The same one?

THE WITNESS: I am not of a set mind on this point. Free competition should be allowed in this field.

Q. In spite of the fact that the railways are compelled to compete and their rates are regulated?

A. Perhaps their rates would probably be regulated in



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such a manner as to meet their requirements.

Q. Do you think it is just that the rates of the railways should be regulated while their competitors like the trucks, the buses, the planes, should be free to make the arrangements they wish between themselves and the shippers?

A. I am always of the opinion that their rates should be controlled by the Provincial Transport Commission.

Q. Do you believe the railways should be compelled to perform their services for the rates set by the Board of Transport Commissioners in spite of the fact that the rates charged by buses are possibly much lower?

THE CHAIRMAN: Q. I understand the trucks charge a higher rate?

A. I believe that is the case because people, owing to the slowness of the railway service, prefer, even if the rate is higher, the plane, the truck or other faster means of transportation.

Q. You do not state that the rates are higher?

A. I do not state that. I will investigate. I am under the impression.....it strikes me as being very funny if he could get all the truck business if the rates were in fact higher than the railroad's.

A. I believe they must be higher for a long haul.

Q. Do you believe the railway should be put in this position, that after the trucks have picked the best portions of the traffic, it should be compelled to transport,



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to continue to transport the least paying portions of the traffic?

A. If there was a certain agreement it would be of a nature to improve your situation.

Q. You state that in your region the Aluminum Company and the paper companies make use of boats when they can do so?

A. Yes, sir.

Q. Because, you say, it is more economical?

A. Yes, sir.

Q. Then, come snow and ice and the difficulties associated with winter and it is the old dependable railway that is there to meet traffic needs; in your opinion, is that fair?

A. Yes, but in your rates set by the Board of Transport Commissioners that is taken into account the year around, not for part of the year only, in respect of your transportation.

Q. You state at page 5 of your brief, and you have spoken on the subject, you state that the Chicoutimi region is emphatically opposed to any increase in freight and express rates for the Saguenay region in particular. You take this stand even if it is necessary for the railway to have its rates increased?

A. Yes, we believe the rates we are charged, as shown by the comparison we gave, are too high.

THE CHAIRMAN: Q. When rate increases are necessary for the whole country, is it your opinion that such increase should be established proportionally according to the mileage?

A. A readjustment could be effected between the different regions by means of subsidies or in some other manner.

Mr. [Name] [Address]

Dear Sir,

I have the honor to acknowledge the receipt of your letter of the [Date] and in reply to inform you that the same has been forwarded to the proper authorities for their consideration.

I am, Sir, very respectfully,  
Yours obedient servant,

[Signature]

I am, Sir, very respectfully,  
Yours obedient servant,

I am, Sir, very respectfully,  
Yours obedient servant,

I am, Sir, very respectfully,  
Yours obedient servant,

I am, Sir, very respectfully,  
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I am, Sir, very respectfully,  
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I am, Sir, very respectfully,  
Yours obedient servant,

I am, Sir, very respectfully,  
Yours obedient servant,

Q. In that region, do the trucks prevent increases in rates on the railways?

A. No.

Q. Competition?

A. It is simply a matter of competition, rapid transportation, above all, that comes first with people, and I believe that is why they insist on trucks.

Q. And rates have nothing to do with the matter?

A. They matter little, unless the party does not happen to be in a hurry. Take building materials, there was a shortage for four or five years, and the same applied in different fields. Sometimes, it took more than a week, 15 days, to secure those materials. Now, with trucks, the persons needing them can get delivery almost immediately. The same holds for certain goods transported by plane.

MR. O'DONNELL: Q. Did I understand correctly that you represent the paper manufacturers in respect of the submission you make today?

A. They are members of our organization.

Q. As a matter of fact, did you discuss with them, did you take up with them the problem of the standardization of freight rates, telling them they would have to be applied to all parts of the country? Did you discuss the standardization proposal with the manufacturers?

A. Not recently, but that was the tendency in 1947, when the Board of Transport Commissioners visited Chicoutimi.

Q. Did the companies manufacturing paper in the Saguenay, Price Brothers, Lake St. John, Consolidated, authorize you to suggest to the Commission that the rate be uniform for all parts of the country?





A. No, but I believe that is their view; besides, you know there are many differentials in freight rates and that it would certainly be to their advantage to have the rates standardized, or at least set at the level of the rates applicable to Shawinigan.

Q. In relation to the manufacturers, they are favoured at \$1.00 per ton, that is .05 cents per 100 lbs. There is always this difference of \$1.00 a ton; the Saguenay manufacturers are favoured by this \$1.00. It costs them \$1.00 a ton less over a distance of 200 miles?

A. I understand all that; what do you do with the per ton production cost for all the other plants. It is because there is a mileage of 200 miles that it costs them \$1.00 more a ton to ship the paper.

Q. You suggest that the rates be standardized, and with the effect of the increase in rates, the company in the Saguenay region, over a distance of 200 miles, you will pay for the \$1.00 difference?

A. As was stated a moment ago ----

Q. You mean to say that all rates be standardized regardless of distances?

A. But taking the distance, certain distances into account; there should be subsidies to cover the difference.

MR. O'DONNELL: Q. If all the rates were increased on the basis you speak of, 200 miles, because there are 200 miles more of a run between the Saguenay and the St. Maurice, the rates Price Brothers and Lake St. John would pay would be higher than that. Are you in favour of that?

A. No, I am not in favour of that.





Q. And neither did they authorize you to suggest that?

A. One must come to an understanding on the type of standardization, on what is meant by standardization.

Q. What do you understand by standardization?

A. By standardization, I mean that the classification is the same for different types of materials according to the mileage, but when there is a very wide spread in the matter of distance for different goods, let the gap be covered or closed by a subsidy, so as not to handicap one region by comparison with another, and establish a relationship between the different regions.

Q. That is not standardization; you ask that one region be favoured as against another by providing subsidies for one against the other?

A. To effect an equal distribution to the different points of the country, to the different markets, to give subsidies as the case may be, and at all events, not handicap one region for another.

Q. You say that 90 per cent of the traffic of the Saguenay region goes to the United States?

A. I said paper.

Q. Then, the rates that now apply to paper enable the Saguenay region to compete with the other paper manufacturers of the other regions?

A. There is such a demand for paper, production is not keeping pace with the demand, so there is really no competition in this field.

Q. You do not propose a unification of rates in regard to paper?

A. My proposal would be to do justice, that is



to say, to put our region on the same footing as the St. Maurice region in the matter of the shipping of paper.

Q. The potatoes you referred to ----

(English interpolation, page 5358)

Continuation of French, page 5359:

--- you say you ship them to Toronto?

A. Toronto, Montreal.

Q. And you compete with New Brunswick and Prince Edward Island potatoes?

A. Yes, sir.

Q. How do the potatoes grown in your region compare with New Brunswick and Prince Edward Island potatoes?

A. I believe they are comparable today, favourably enough from the standpoint of quantity.

Q. Prince Edward Island and New Brunswick potatoes have the benefit of the 20 per cent reduction, under the Act governing the rates applicable to them?

A. That is what we thought.

Q. That is what you had in mind when you stated it was the freight rates that prevented you from waging a keener competition at Toronto and at Montreal?

A. One can improve -- it is not -- we do not mean to say it is only that; however one must always hold to the principle that when a railway line is defective, one cannot compete advantageously with another section of the country where railway rates are lower.

Q. You compete with the two regions I have mentioned, and they benefit by a rate reduction of 20 per cent.

What prevents you from competing in Montreal and Toronto?

A. That is just about your reason too.

Q. You spoke of slowness in the shipments? And you





mentioned a shipment from Grandes-Piles to Chicoutimi. Grandes-Piles is on the C.P.R. line?

A. Yes, sir.

Q. The goods have to be unloaded from the C.P.R. cars and placed in C.N.R. cars to reach Chicoutimi; that involves a delay?

A. Only, I do not know what regulation applies to the C.P.R. or rather, what is the mileage of the C.P.R. line before trans-shipment, before passing on our line.

Q. In that case, l.c.l. shipments, the goods have to be transferred from one car to another, transferred to another railway and placed in other cars to reach their destination at Chicoutimi?

A. The greater part of the mileage is on our line.

Q. If one has to wait to have the goods transferred?

A. The trans-shipment or transfer should not take some ten days.

Q. You are referring to isolated cases, as in the case of Grandes-Piles, but if one looks, one sees that Grandes-Piles is situated on the C.P.R. line.

A. The greater part of the mileage is on our line.

Q. Once the goods are transferred to your line, they move fast enough?

A. If the C.P.R. were to take 13 days and the C.N.R. 13 days, it would not be funny.

Q. When you send the goods l.c.l., you must wait for a full carload lot to ship to Chicoutimi. A special car containing about 50 pounds of goods is not going to be sent on its way. That would be unreasonable.



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A. On the other hand, if you have speedy service, a good line, you could certainly fill your cars more easily and move them more easily.

Q. If the trucks take upon themselves to select all the most profitable and paying traffic and leave us only the remainder, that too is not very pleasant?

A. I understand, but in any case, they are competitors and that is normal.

Q. In spite of the fact that the other competitor is subject to no regulation in the matter of his rates while we are?

A.....

Q. You spoke about blueberries, you say that you had 500 carloads of blueberries last year ?

A. Not last year, three years ago. That is the information I gathered in the course of a small investigation I made.

Q. As to that, there are not many localities that compete with you; the Saguenay has the best market for blueberries?

A. I understand there is a fairly open market, but you have Abitibi, you have Newfoundland, which is beginning to be a good market, the North Shore market.

Q. Do blueberries now sell at a higher price than in 1938?

A. No, they now sell at somewhat lower prices.

Q. Than in 1938?

A. In 1938, ten years ago, they sold at lower prices than four or five years ago.

Q. At lower prices than during the war, but they are still selling at higher prices than before the war?

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A. Yes, sir.

Q. The price has increased by more than 21 per cent?

A. I would not think so.

MR. DESMARAIS: Q. Then, I believe you will file a comparative table of transportation rates for transportation by truck and by railway and the delivery rates of your region as Exhibit 67.

THE CHAIRMAN: We thank you, Mr. Grenier.

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ADJOURNMENT to Montreal,  
August, 2, 1949.

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ROYAL COMMISSION  
ON  
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ROYAL COMMISSION ON TRANSPORTATION

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- - - - -

1. The first part of the report is a general introduction to the subject of the study.

2. The second part of the report is a detailed description of the methods used in the study.

3. The third part of the report is a discussion of the results of the study.

4. The fourth part of the report is a conclusion and a list of references.

5. The fifth part of the report is a summary of the findings of the study.

6. The sixth part of the report is a list of references.

7. The seventh part of the report is a list of references.

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9. The ninth part of the report is a list of references.

10. The tenth part of the report is a list of references.

ROYAL COMMISSION ON TRANSPORTATION

MONTREAL, QUEBEC,  
TUESDAY, AUGUST 2, 1949

THE HONOURABLE W.F.A.TURGEON, K.C. LL.D. - CHAIRMAN

HAROLD ADAMS INNIS - - COMMISSIONER

HENRY FORBES ANGUS - - COMMISSIONER

- - - - -

G. R. Hunter,  
Secretary.

P. L. Belcourt,  
Asst.Secretary.

ADDITIONAL APPEARANCES

Wilson McLean, K.C. Counsel for Province of  
Manitoba - Montreal and  
Toronto hearings.

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The following is a translation of remarks of Mr. Gilbert A. LaTour, Secretary of the Chamber of Commerce of the Province of Quebec, and Secretary of the Chamber of Commerce of Montreal, at Montreal hearing, August 2nd, 1949 -- page 5500 of Transcript of Evidence, Volume 29:

MR. DESMARAIS: Mr. Chairman, Members of the Commission: I understand that Mr. Gilbert A. LaTour, Secretary of the Chamber of Commerce of the Province of Quebec and Secretary of the Chamber of Commerce of Montreal, has a declaration to make at the opening of this meeting:

MR. GILBERT A. LATOUR: Mr. Chairman, and gentlemen: I will take up a few minutes of your time. On behalf of the President of the Chamber of Commerce of the Province of Quebec, an association which includes one hundred and twenty-five Chambers of Commerce, and some thirty thousand business men, I wish to thank you for having offered us the opportunity to appear before you.

We have prepared a report, but we are not yet ready to submit our suggestions to you.

With your permission, gentlemen, we will submit our report at a later date which you will be good enough to indicate. Thank you.

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M. DESMARAIS: M. le Président, messieurs les Commissaires, je comprends que M. Gilbert A. LaTour, secrétaire de la chambre de Commerce de la Province de Québec et secrétaire de la chambre de Commerce de Montréal, aurait une déclaration à faire à l'ouverture de cette séance.

M. GILBERT A. LATOUR: Monsieur le Président, Messieurs, je vais prendre quelques minutes de votre temps. De la part du président de la chambre de Commerce de la province de Québec, association qui compte cent vingt-cinq chambres de Commerce, et quelque trente mille hommes d'affaires, je tiens à vous remercier de nous avoir offert de comparaître devant vous.

Nous avons travaillé la préparation d'un mémoire, mais nous ne sommes pas prêts encore à vous soumettre nos considérations.

Avec votre permission, Messieurs les Commissaires, nous vous soumettrons notre mémoire à une date subséquente que vous voudrez bien nous indiquer. Merci.



MR. COVERT: Mr. Chairman, the first brief to be presented is that of the Dominion Steel and Coal Corporation Limited, by Mr. L. A. Forsyth, K.C.

MR. L. A. FORSYTH, K.C., called.

EXAMINED BY MR. COVERT:

Q. Mr. Forsyth, we have had an opportunity to read the brief, and we can have it taken as read right into the record, unless for any reason you prefer to read it through.

A. That is quite satisfactory to me.

MR. COVERT: Then, Mr. Chairman, I think we will just take it as read into the record.

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To THE ROYAL COMMISSION ON TRANSPORTATION,

The following Submission is presented on behalf of Dominion Steel and Coal Corporation Limited.

Those who are charged with the duty of putting forward representations to the Royal Commission on Transportation on behalf of Dominion Steel and Coal Corporation Limited believe that the background, both historical and economic, of the freight rate question as it affects industry in the Province of Nova Scotia, has been so thoroughly canvassed on previous occasions when it was the subject of official study that it would be, to say the least, an unprofitable repetition of data and argument to review this background again.

Such questions of high policy as were involved in the transportation problems of the Maritime Provinces were, we believe, determined subsequent to the Report of





the Royal Commission on Maritime Claims (for convenience frequently designated as the "Duncan Commission") which considered this problem, among others, and made a Report thereupon in 1926.

There can be no doubt but that the recommendations of the Duncan Commission formed the foundation of policy made effective by the Maritime Freight Rates Act.

Our conclusion, therefore, is that the particular problems which arise in the field of transportation in connection with the operations of the Corporation's plants in Nova Scotia should be considered with the Report of the Duncan Commission as the starting point; and the Maritime Freight Rates Act, as the declaration of policy resulting from that Report, with a view to relating subsequent events, present day circumstances and the outlook for the future to the policy embodied in the statute to which we have referred.

From a factual point of view we know that in 1926 the Duncan Commission made the following findings:

(1) "The Intercolonial Railway was completed in 1876, and it would appear from the evidence we have received that from then until 1912 the interests of the Maritime Provinces were fairly well safeguarded, the freight rate structure being such as to take into account the requirements of their traffic. The lower level of rates that prevailed on the Intercolonial Railway system prior to 1912 is, in our view, rightly to be interpreted as the fulfilment by successive governments of the policy and pledges that surrounded



the railway from its inception, whatever impressions may have been created by the form of its administration.

Since 1912, changes have taken place in the framework of the rate structure, and increases have been added to the freight rates. The combined effect of these has been to impose upon the merchandise and industry of the Maritimes, a burden which, it is alleged, is quite out of proportion to the increase which has been added since 1912 to the freight structure in other parts of Canada, although it may, in many cases, only have raised Intercolonial Railway rates to the same level of scale as rates in other places."

(Report Page 21, paragraph 9).

(2) "On the broader question, however, of the incidence of the existing rates as a whole upon industry and employment in the Maritimes, we have come very definitely to the conclusion that the rate structure as it has been altered since 1912 has placed upon the trade and commerce of the Maritime Provinces, (a) a burden which, as we have read the pronouncements and obligations undertaken at Confederation, it was never intended it should bear, and (b) a burden which is, in fact, responsible in very considerable measure for depressing abnormally in the Maritimes today business and enterprise which had originated and developed before 1912 on the basis and faith of the rate structure as it then stood."

(Report Page 21, paragraph 10).



(3) "We feel that the increase arising from the changes that have taken place in freight rates since 1912 - over and above the general increase that has taken place in other parts of the National system - is as fair a measure as can be made of these special considerations, and accordingly should be transferred from the Maritimes to the Dominion so that the original intention may be observed."

(Report Page 22, paragraph 11).

Upon these three Findings the Royal Commission made a recommendation for an immediate reduction of twenty per cent (20%) on all rates charged on traffic originating and terminating on that portion of the railway later defined by the Maritime Freight Rates Act as "the Eastern lines".

The Commission was careful to point out that this relief was not intended to affect the detailed claims then before the Railway Commission in respect of Maritime rates.

Their Report said, at page 23 - "Considerations such as attach only to individual claims, or to the general question as to whether or not railway companies should give better treatment than they are giving to long-distance traffic, particularly on natural products and associated enterprise, ..... are still open for review by the Railway Commission."

The Duncan Commission had the advantage of discussing both general and particular problems created for Maritime industry by the rate structure with the then President of the Canadian National Railways and I quote





from their remarks concerning this discussion as follows:

"The President of the Canadian National Railways system agreed that it was part of his function, as head of the railway system he was administering, to make a survey of the natural basic products of the country, and to try within broad limits to adjust his rate structure so as to give the fullest chance of development to all natural products in whatever region of his system they are located. He likewise regarded it as his function to make a survey of the industrial possibilities of the whole territory covered by his system, to see whether industries placed at a distance from a central market, particularly when they were capable of development which might ultimately render them either directly or through associated enterprise, remunerative to the railway, were given a reasonable chance of finding their market. Considerable evidence was placed before us on the part of the Maritime Provinces, to indicate that in both these respects they suffered handicaps under the present structure of rates - even apart from the special features attaching to the railway system of their area for which we have already recommended provision."

It is evident from the Report of this Commission that they were satisfied that the Railway Commission of the day had rightly or wrongly taken the position that they could not deal with suggested alterations of the rate structure unless two considerations applied, namely

- (a) Reasonable compensation to the carrying company, and



(b) No unfair preference or unjust discrimination as between traders.

The Duncan Commission appeared to feel that the Railway Commission was not taking full advantage of the powers that it had or that it had unduly circumscribed itself, but the Report points out that if, under the authority enjoyed by the Railway Commission, it was circumscribed in the manner that it deemed itself to be, then there were other business considerations which should be taken into account and the powers of the Railway Commission ought to be so extended as to enable them to do so. The Report says, on page 25, that amongst other business considerations to be taken into account are:-

"(a) A proper balancing of the structure of railway rates so that on the whole (though not in a particular item of business) there would be not only reasonable compensation to the railway company for the carrying services it renders but such reasonable compensation over all as to permit of a certain amount of trade development."

and further on the same page:-

"If the Railway Board is to be vested - as we think it should be - and we recommend that it should be - with the somewhat fuller supervisory responsibility that we have indicated, we think it should also be vested - and recommend accordingly - with power, in weighing an application that raised these considerations, to order an accounting investigation at their own hand, into the incidence



of the railway charge on the costs of production of the commodity, and its relationship to other costs, and to the general trading results of the interest involved.

We wish to emphasize that this is a field of thought into which we have not carelessly wandered. It has been forced upon our attention by the geographical and other difficulties which the evidence we received in the Maritime Provinces made it clear parts of the country at long distance from central markets were bound to suffer from; and we had the advantage of hearing from the Chief Commissioner, who met us at our request, as to the powers of the Railway Commission at the present time.

Now, it is significant that after all the remarks to which we have made the foregoing very brief reference, the Duncan Commission, at page 26 of its Report, paragraph 13, made a very striking statement under the heading of "Incidence of 'Horizontal' war Increases".

We do not think that the case for the steel industry, operated by Dominion Steel and Coal Corporation Limited at its plants in Nova Scotia, can be better summarized than by quoting paragraph 13 of the Duncan Commission Report in its entirety, as follows:-

"13. Incidence of 'Horizontal' war Increases.

"There is one further very important feature of the railway situation, as it affects the Maritimes, which calls for special mention. In one sense it is connected with the problems that we have been discussing, but its immediate





incidence is not so inter-connected with the general problem as to make it impossible to deal with it separately. Indeed the reaction of the burden which it imposes is so great that, in our view, it should be dealt with as a special problem. We refer to the system under which, during the late war, flat percentage increases (known as 'horizontal increases'), were added to railway rates. We quote, merely as an example, figures submitted to us by the British Empire Steel Corporation in respect of iron and steel articles which show, as briefly as it can be shown, exactly how this system of flat percentage advances has operated:-

STATEMENT of rates on iron and steel articles from Trenton, N.S. and Hamilton, Ont., showing percentage of increase rates in effect 1926 over 1916 - Rates to the points shown below, and the additional cost per gross ton which the increase represents.



LIST OF COMMODITIES ON WHICH RATES APPLY

Angle Bars	Bolts	Nuts	Spikes
Bars	Fish Plates	Rivets	Splice Bars

From Trenton, N.S.

	Rate in cents per 100 lbs.		Rate in Dollars per Gross Tons		Percent- age of Increase	Increase in Dol- lars per Gross Ton
	1916-1926		1916-1926		--	
					%	\$ Cts
Brant- ford, Ont.	28½	54	6.38	12.10	89	5 72
George- town, Ont.	27½	52½	6.16	11.76	91	5 60
Harris- ton, Ont.	34½	65	7.73	14.56	80	6 83

From Hamilton, Ont.

Brant- ford, Ont.	.08	14½	1.79	3.25	81	1.46
George- town, Ont.	.10	18	2.24	4.03	80	1 79
Harris- ton, Ont.	.15	27½	3.36	6.16	83	2.80

"By the mere operation of railway increases - and having no relation to any other business considerations - the burden which a Trenton plant has to meet now as compared with a Hamilton plant is much greater in money than it was formerly.

'The railway administration, in giving evidence before us, agreed that long-distance traffic, particularly heavy traffic, had been seriously prejudiced



by the operation of the horizontal increase. It was, they said, their opinion that even on the present level of class rates, and considering expenses, the higher class goods are not carrying their full share of the expense of operations. They had made the suggestion to the Board of Railway Commissioners some two years ago - at a time when a reduction in class rates was being considered - that instead of reducing the class rates they should select what was considered basic commodities, such as grain, forest products, coal, iron and steel. The Railway Board, we were informed by the railway administration, felt themselves prevented from working out the proposition in that way, since when the advances were made they were made horizontally, and some declaration had been made at the time that when reductions came they also would be made horizontally.

In view of the importance of railway rates to long-distance and heavy traffic, we have no hesitation in recommending that the matter should be taken into fresh consideration by the Railway Commission, that they should be relieved from the necessity of regarding themselves as bound by any such declaration as is referred to, but should be free to consider the whole question on its merits."

In order to bring the comparative statistical position up-to-date we have readjusted the "List of commodities on which rates apply" so as to show the relative





position of Trenton and Hamilton as between 1926 and 1949. The resultant figures emphasize the point of the conclusion of the Duncan Commission Report, with which the administration of the railway was then in complete accord, i.e. - that traffic in iron and steel products from the Maritimes had been seriously prejudiced by the operation of the horizontal increase.

LIST OF COMMODITIES ON WHICH RATES APPLY

Angle Bars	Bolts	Nuts	Spikes
Bars	Fish Plates	Rivets	Splice Bars

From Trenton, N.S.

	Rate in cents per 100 lbs.	Rate in Dollars per Gross Tons	Percent- age of Increase	Increase in Dol- lars per Gross Ton
	PRIOR APR.8 1948	PRES- ENT APR.8 1948		

Brant- ford, Ont.	.48	.58	10.75	12.99	21%	2.24
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George- town, Ont.	.47	.57	10.53	12.77	21%	2.24
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Harris- ton, Ont.	.58	.70	12.99	15.68	21%	2.69
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From Hamilton, Ont.

Brant- ford, Ont.	.13	.16	2.91	3.58	21%	.67
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George- town, Ont.	.18	.22	4.03	4.93	21%	.90
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Harris- ton, Ont.	.27½	.33	6.16	7.39	21%	1.23
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It is perfectly plain that the recommendation of the Duncan Commission in this respect was entirely divorced from those general recommendations which underlie the existence of the Maritime Freight Rates Act.

Digressing for a moment from the pursuit of the principal theme of this submission, we pause to observe that the Maritime Freight Rates Act, as such, was designed to bring about a relative parity of freight rates, with 1912 as the base year, as between Maritime traffic and all other Canadian traffic.

While it is true that Section 8 of the Maritime Freight Rates Act declares the intention of the Act to be the establishment and maintenance of certain statutory advantages in rates to Maritime industries, it undoubtedly has been the view of the present Transportation Commissioners that overall horizontal increases in freight rates do not violate the prohibitions of that section. In other words, the present Board, by the fact of its having increased rates on a flat horizontal percentage basis has affirmed the principle that such increases do not "destroy" or "prejudicially affect" the advantages conferred by the Act.

In our view very strong argument could be advanced against this proposition, but it seems to us that before this Royal Commission we should not concern ourselves so much with argument as to the correctness or incorrectness of interpretations given to the law as it exists, as with demonstrating to your Commission the desirability of such amendments to the law as will not only enable the Transportation Commissioners but will



compel them to deal with freight rate applications before them in such wise as to relieve against the prejudice to the traffic of our plants which the Duncan Commission and the railway administration agreed had in 1926 been created by horizontal increases, and which it is equally evident has been perpetuated and aggravated by the horizontal increase recently ordered.

We have not thought it wise to encumber this submission with a great deal of statistical data but if your Commission should desire us to do so, we could prepare a list of the principal products of our plants in Nova Scotia and demonstrate to the Commission to what extent in dollars the competitive handicap of our geographical position has been increased by the operation of the recent horizontal increases in the freight tariffs applicable to those commodities.

We feel that we should call to your attention another important factor which perhaps was not present to the minds of the members of the Duncan Commission when they were considering these freight rate problems.

As your Commission is undoubtedly aware, the competition of motor trucks and water carriers, more particularly the former, plays an important part in the establishment of what are known as competitive rates. These rates are fixed by the railways without the necessity of prior reference to the Transportation Commission. These competitive rates are in all instances lower than the commodity rates established by the Board of Transport Commissioners, and naturally, wherever they come into play they represent an advantage to the shipper and the





consignee which is not enjoyed by those whose traffic must pay the commodity rates.

Now, as between our plants in the Maritimes and the markets of central Canada, motor-truck competition with the railways does not exist and our traffic does not enjoy the advantage of rates lowered to meet such competition.

Our principal competitor, on the other hand, is located in an area where the movement of many of its products by motor truck is not only feasible but more convenient than rail movement and, consequently, our competitive position in markets which we must also reach is seriously prejudiced by the existence and operation of competitive rates, so-called.

The foregoing demonstrates, we think, conclusively that our industry in Nova Scotia suffers presently a handicap arising from its geographical location for which the Maritime Freight Rates Act apparently offers no amelioration and which the recent horizontal increases have aggravated to the point where some remedy must be found.

We have refrained from discussing the necessities of the railways for revenue because we believe that to be a matter which appropriate tribunals are capable of assessing without great difficulty.

We do suggest, however, that far more serious results to the operating revenues of our railways may come about through the destruction of traffic by freight rate imposts too heavy to be borne by it, than would be the fact if existent traffic is maintained and stimulated by the application of a formula which would allow



different important economic units to trade upon a competitive basis in the available markets.

It may not be amiss at this juncture to record a few facts indicating the importance of the industries operated by this Corporation in the Province of Nova Scotia.

When operating normally these industries support wage-earning communities comprising not less than one-quarter of the population of the Province, Directly vital to six of the eighteen Counties of Nova Scotia they indirectly contribute substantially to economic conditions in every part of the Maritime Provinces. Any move adversely affecting them, from the standpoint of production, is immediately transmitted to the whole economy of Nova Scotia, and in some considerable measure to the whole of Canada.

When operations are at capacity the steel plant at Sydney provides a market for a million tons of coal from the nearby collieries, thus furnishing the largest continuous winter market for the output of the collieries and providing employment that otherwise would not exist.

In two world conflicts within this generation our industry in Nova Scotia has been called upon to perform a very important role in the production of steel and coal, railway cars and construction and repair of ships. Unless the Industry in time of peace is maintained in a healthy state, it will not be ready for the emergencies of war. There are few organizations in Canada as important strategically in the preparedness of defence of Canada as "DOSCO". Its geographical location alone enables it to supply, with facility, steel



requirements and other items of materials for common-wealth nations and of countries which may be associated with them in defensive measures on the eastern seaboard of Canada.

Having thus posed the problem of the industry - the virtual destruction of its competitive position in the important domestic market - we come now to consideration of the means that ought to have been adopted and may now be adopted to avert the apprehended consequences of what we cannot deem other than the ill-advised action of the Board of Transport Commissioners with respect to the last increases ordered by that body.

Probably the only country in the world in which the transportation problems of Canada find a parallel is the United States of America. In that country the regulation of freight rates and the establishment of tariffs for railway freight traffic has been entrusted to a body known as the Interstate Commerce Commission, whose activities relate to all inter-state movement of freight. The Interstate Commerce Commission has only recently found itself faced with the necessity of augmenting the rates for the carriage of freight on the railways of the United States.

The railways of the United States and the Interstate Commerce Commission, as well, recognize the highly complex market conditions and the competitive nature of the iron and steel business.

The Interstate Commerce Commission in a proceeding, reported as "ex parte 162" gave effect to the request made by the railways that the increase on iron





and steel products be limited in all instances to a maximum of eighty cents (80¢) per ton and it is our view that a formula which recognizes the principle accepted by the Interstate Commerce Commission would afford a reasonable solution of our difficulties.

What we suggest is that if we take as a starting point the rates applicable to the movement of **our** products from plants in Nova Scotia to other parts of Canada as those rates stood prior to the increases ordered in 1948, any increase in the freight rate on any commodity from any one of our Nova Scotia plants to a given point elsewhere in Canada should be limited to the amount in dollars which our competitors would be required to pay by way of increased freight upon the same commodity to reach the same point.

To adopt such a formula would be a belated recognition of the principles inherent in the Duncan Commission's Report and would, in our view, conform to the spirit of Section 8 of the Maritime Freight Rates Act.

As is quite apparent from the foregoing text of this submission, we have confined our presentation to one aspect of the problem of transportation charges which have a vital effect upon our domestic trading position.

If we may, without transgressing the bounds of propriety, offer comment which we hope is helpful upon the wider and more general aspects of the situation, our view is that the criticism which is directed at the freight rates structure as being, in many instances, unjust and inequitable, finds its foundation in the absence



of the application over a long period of time of plan and principle in the creation of that structure.

The limited opportunity for investigation available to us does not enable us to formulate this view as specifically as we should like to. However, we do suggest that in connection with the creation of this rate structure, the powers and duties of the present Board of Transport Commissioners, and of their predecessors, have not been set out and defined with sufficient precision; and perhaps limitations have been imposed which prevented the exercise of the judgment and discretion required by changing conditions in the general economic development of the country.

We think that the underlying principle of the creation of a rate structure must be that both the carriers of freight and those for whom they carry have certain basic rights and requirements which the freight rate structure must respect and keep in balance. Expedients adopted which have regard only to the position of the one or of the other cannot fail, in the long run, to confuse and complicate the situation. Furthermore, it appears to us to be impossible to do justice between any group of carriers and any group of those for whom goods are carried unless the body charged with the duty of balancing out the equities has effective control of the rates to be charged by all carriers.

We feel, therefore, that a drastic revision of the Railway Act is immediately required and that such revision should be done by individuals representing the principal interests concerned; and we also feel that means



should be sought either by agreement or constitutional amendment to centralize the control of transportation rates in a regulating tribunal, the personnel of which should be appointed under auspices which would ensure public confidence in its ability to afford a due measure of protection for all conflicting interests.

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MR. COVERT: There are some points upon which we wish some additional information, and I shall proceed to ask Mr. Forsyth some questions.

THE CHAIRMAN: Very well.

MR. COVERT: Q. Mr. Forsyth, would you turn to page 3 of the brief; in the middle of the page you quote from the Duncan Commission Report, to the effect that the President of the Canadian National Railways felt that it was part of his function to make a survey of the natural basic products of the country, and to try to adjust the rate structure so as to give the fullest chance of development to all natural products in whatever region of the C.N.R. system these industries are located. Now, presumably you agree that that is a function of the railways, the administration?

A. Well, I thought so.

Q. Now, would you care to express an opinion as to whether or not the railways today are carrying out their functions in this respect?

A. Well, all I can say about that, Mr. Covert, is that of course I do not know what the railways are doing, but I have no information, from inquiries that





I have made, that any such survey has yet touched the Dominion Steel and Coal Corporation.

Q. Perhaps you would tell the Commission just a little about the Dominion Steel and Coal Corporation, Limited, where its plants are situated and generally what they do?

A. I have prepared, Mr. Covert, a memorandum indicating the location of the various plants of the Dominion Steel and Coal Corporation Limited and the products which they produce, and I will have copies of that available shortly, but perhaps in the meantime I can just run over it.

Our principal basic steel plant is at Sydney in the Province of Nova Scotia, and there we produce pig iron, ingots, billets, blooms and slabs, rails, tie plates, mine arches, bars and small shapes, wire rods, wires -- under "wires" we produce bright, annealed, patented, galvanized, straightened and cut wire -- barbed wire, nails and staples. Then we have the usual by-products of a steel plant: coke, coal tar, sulphate of ammonia, benzol, toluol, xylol, solvent naphtha, naphthalene, crushed slag, "blast lime", zinc dross and ashes.

At the Trenton Steel Works Limited, in Trenton, Nova Scotia, we produce forgings for marine and industrial use, and axles for railway freight cars, passenger and locomotives.

At Trenton Industries Limited, we produce specialized equipment, such as bottle washers, pasteurizers, coal miners, mine hoists, and articles of that type.



At the Eastern Car Company Limited, also located at Trenton, we produce railway cars, mine cars and similar equipment.

Then we have a branch at Halifax Shipyards in Halifax, where we do shipbuilding and ship repairs.

Then we have a plant at Saint John, New Brunswick, the James Pender & Company (Limited), which produces wire nails and staples, bright and annealed wires, and bale ties.

We have a plant in Montreal, Canadian Tube & Steel Products Limited, and there we produce butt weld, black and galvanized pipe, pipe nipples and couplings, pipe hangers, bolts, nuts and washers, rivets, track bolts, track spikes, drift spikes, ship spikes, pole line hardware, bars and bar shapes, structural shapes -- angles, channels, etc., -- pipe bands, tie rods, coarse and fine, bright, annealed, galvanized and tinned wires, wire nails and staples, cut nails, welding rods, fencing -- farm, lawn, chain link, angle picket -- fence gates, fence posts, zinc dross and ashes, and wood screws.

At the Graham Nail & Wire Products Limited, in Toronto, our plant produces bright and annealed wire, wire nails and staples, bale ties and cold rolled strip.

At the Canadian Steel Corporation Limited, at Ojibway, Ontario, we have a fencing plant which produces farm fencing, poultry fencing and chain link fencing, fence gates, fence posts, bright, annealed, galvanized and patented wires, spring wire, bale ties, barbed wire, staples, electric welded mesh and triangle mesh wire fencing.



We have a plant at the Canadian Bridge Company Limited, at Walkerville, Ontario, which is a structural plant. There we construct transmission towers and equipment, bridges for highways and the like, and specially fabricated steel work for structural use.

Q. Then you have plants in two of the Maritime Provinces and in Quebec and in Ontario?

A. That is right.

Q. And I suppose from all these plants you ship the products by rail?

A. Yes, I would say from all except Halifax shipments. We do not ship very much from that. That work is done on the coast, and you do not ship ships by freight.

Q. I suppose, however, even there they would use the railway to bring material to the yard?

A. Oh, yes, we ship a lot of material in by rail.

Q. Now, would it be a fair question to suggest to you that, because of the fact that you do use these railways and that goods do move on them, perhaps the railways do regard it as a function and do make a survey of the natural basic products of the country, and take these things into consideration when they fix their rates?

A. Well, all I can say about that, Mr. Covert, is this, that I have made pretty careful study of those rates over a considerable period of years, and, while it is true that freight moves over them from our plants, you have to recognize the fact that we have got to ship over that railway or not ship by rail, because that is the only way we can ship at certain times of the year, and I must say





that I do not see reflected in any changes or variations in those rates any particular study that anybody has given to it.

THE CHAIRMAN: Mr. Covert, I notice in that citation you have there that the President of the Railway said that they were particularly interested in such industry when it might become remunerative to the railway itself.

MR. COVERT: Yes.

THE CHAIRMAN: You see, he says they keep their eye on possibilities of industrial development, particularly when they are capable of development which ultimately renders them either directly or through associated enterprise, remunerative to the railway.

MR. COVERT: Yes.

THE CHAIRMAN: Can we find out from Mr. Forsyth what he thinks of the possibilities of the railway bettering their situation by more carefully going into the industrial possibilities? After all, the president was talking, evidently, as a railway man, you see.

MR. COVERT: Yes.

THE CHAIRMAN: Now, can we have anything about that aspect of it?

THE WITNESS: Well, Mr. Chairman, I call your attention to this fact -- I am not trying to evade the question; don't think that for a moment -- most of the products which are manufactured by this corporation in the Maritime Provinces are products in which the freight rate as a cost plays a far greater part than it does in many other manufactured articles, by reason of the bulk



and weight of these products. Now, so far as remuneration to the railway is concerned, obviously our policy as a corporation has been such that we have tried to move the manufactured articles, that is, the articles --

MR. COVERT: Q. Excuse me, Mr. Forsyth. The counsel at the back table are unable to hear you; would you speak a little louder?

A. I am sorry. I say the policy of our corporation has been to ourselves bring the ultimate manufactured product closer to the central market, and I think that the railway if they are taking into consideration the question of remuneration might very well consider that assistance in the movement of the bulk product from the place of primary manufacture to the ultimately developed remunerative business in the finished product when it is moved from the plant that is nearer to the consumption point, and therefore its shipment falls into what I might call a short-haul rather than a long-haul business; and I point out as one instance of that, we have recently acquired the Canadian Tube and Steel Plant of which I have spoken, and we have gone to some considerable capital expense in equipping that plant with rolling mills, we have modernized and increased our bolt and nut department for example, and we now have in course of erection and installation electric furnaces. Now, it seems to me that if the movement of steel in a primary or secondary form to this plant at Montreal is assisted in some form or other, by consideration of the rate, then the ultimate remuneration of the railway might easily be found in the movement of manufactured products from Canadian Tube and



Steel. Of course, I cannot speak as a railway man, I am only speaking as a person who has made a study of this thing, and I cannot say that any of my conclusions are definite or fixed, but that is just a few that I have.

Q. Now, in the next paragraph immediately following that quotation you conclude that the Railway Commission at that time had rightly or wrongly taken the position that it could not deal with alteration of rates unless two considerations applied, namely (a) reasonable compensation to the carrying company, and (b) no unfair preference or unjust discrimination as between traders. Now, I presume you suggest that that same situation exists today?

A. I do. I want to say, Mr. Covert, that the conclusion that I mention there was the conclusion of the Duncan Commission.

Q. That is right.

A. And not my own; but, as I say, I agree with it.

Q. Now, you point out that the Duncan Commission appeared to feel that the Railway Commission was either not taking full advantage of the powers it had or that it unduly circumscribed itself; that follows immediately in the next paragraph?

A. That is right.

Q. Now, are you suggesting that that same situation exists today?

A. I think it does.

Q. Then would you turn to the top of page 4, where you again quote from the Duncan Commission, where they





suggest that certain business conditions should be taken into account, and the Commission suggested that the powers of the railways ought to be extended to enable them to do this?

A. The powers of the Board.

Q. The powers of the Board?

A. Yes.

Q. Now, one of these considerations in the quotation appears to be that in considering the compensation to the railway company for services they should also consider the compensation over all so as to permit a certain amount of trade development?

A. That is right.

Q. Now, again I would ask you, do you agree with that principle?

A. I do; and I think that that principle is perhaps better stated than I stated it myself before, but that is the principle that I was attempting to enunciate when I spoke of carrying the bulk commodity at possibly a lower rate in order ultimately to get compensation from short-haul business thus developed.

Q. Would you suggest that the Board of Transport Commissioners should be given broad powers, to enable them to approve of rates, for example, that might develop trade -- to use their phrase, for trade development?

A. I feel that that would be a desirable thing. The conclusion that I reached, not only from reading the Duncan Commission Report, but from reading reports from other bodies that studied that question, was that on several occasions when there might have been advantage to



general trade in the country from dealing with rates in some other way than they were then dealt with, the Board of Transport Commissioners or the Railway Board, whichever it happened to be at that time, found itself limited by its statutory jurisdiction so that it could not do it. Now, that suggestion appears, I think, in at least four reports that I have read. And, Mr. Covert, if I may go on, I think that that was a situation which was in part responsible for what I think was quite a serious mistake with reference to our own corporation, when the last rate increase was ordered. I feel that was one of the things that was responsible for that.

Q. I do not quite understand you, Mr. Forsyth.

A. What I suggest is that when the last rate increase was ordered, which I think became effective in April of 1948, I think that possibly if the Board of Transport Commissioners had not felt themselves somewhat restricted by their statutory jurisdiction they might have considered deriving revenue from the railways in a different way from what they did, because I felt that the horizontal increase was the wrong way to do it -- and I am speaking now with reference to my own company, I am not speaking of the general situation.

THE CHAIRMAN: Q. Then in what respect did their limitations prevent them from allowing the railways to obtain revenue from other sources or other means?

A. I have not made myself clear, I am afraid. If you go to the Duncan Report -- and my brief calls attention to this fact -- as far back as 1926 the Duncan Commission and the administration of the railways at the time were in



agreement that horizontal increases affected long-haul bulk traffic in basic commodities prejudicially. Notwithstanding that fact, and notwithstanding the fact that subsequent investigations of this subject by Royal Commissions recognized the same thing, no consideration was given to the basic commodity that I represent here, steel, when the rate increase was ordered, but it was ordered on a horizontal basis. Now, the Duncan Commission suggested that the Railway Board felt themselves bound to deal with these rate increases in a horizontal way.

Q. I may say that I know that further on in your brief you do deal with the question of horizontal increases. I did not intend to hurry you on to that; I thought perhaps you had something else in mind.

A. That is what I had in mind.

MR. COVERT: As a matter of fact, Mr. Chairman, that follows right down on the same page.

THE CHAIRMAN: Yes, it does, I see.

MR. COVERT: Q. There was one point, Mr. Forsyth, in that second paragraph of the quotation on page 4, the top quotation:

"If the Railway Board is to be vested - as we think it should be - and we recommend that it should be - with the somewhat fuller supervisory responsibility that we have indicated, we think it should also be vested - and recommend accordingly - with power, in weighing an application that raised these considerations, to order an accounting investigation at their own hand, into the incidence





of the railway charge on the costs of production of the commodity, and its relationship to other costs, and to the general trading results of the interest involved."

Now, I presume that you quoted this in your brief with approval, and do you suggest that the Board should have these powers?

A. Well, what I suggest, Mr. Covert, is this, that the Board of Transport Commissioners should have power to consider, and if an accounting investigation is necessary to get them the factual information they require, they should have power to get the facts. They should have power to consider the effect of any variation in the freight rate on a particular commodity of the industry involved. Now, I am not going to suggest that the Board of Transport Commissioners should necessarily go back and revise all the rates that apply to all the commodities. I think you have got to take a starting point somewhere, and I was prepared myself to take 1926 as a starting point, and if any mistakes had been made before that, then everybody had to suffer from them; but it seemed to me that on any occasion when you start from somewhere and you are going to change a rate, then the method of changing it, the amount of the variation, and all these things, must have some effect upon the trading pattern of people who are producing the goods that are to be moved, and that the Board of Transport Commissioners ought to have power to investigate such situations and to exercise their judgment so as to disturb that trading pattern as little as possible, if



it is a pattern that should not be disturbed.

Q. I do not like to take you all over the brief, but perhaps that is what you have in mind on page 10 in the third paragraph; you say:

"What we suggest is that if we take as a starting point the rates applicable to the movement of our products from plants in Nova Scotia to other parts of Canada as those rates stood prior to the increases ordered in 1948, . . . ."

Now, you just said 1926; is that because they were the same or --

A. Well, yes, it was because they were in effect the same.

Q. I was wondering why you picked 1926, or whether you meant 1927, after the passing of the Maritime Freight Rates Act?

A. Well, I should have said 1927, because it seemed to me that the Maritime position, with the old argument about pre-Confederation pacts and that sort of thing, had been, so far as the Duncan Commission was concerned, and I think so far as Government policy was concerned, disposed of by the Maritime Freight Rates Act, and that is really the starting point.

(Page 5520 follows)



Q Then you say from that date any increase in the freight rates on any commodity from any one of our Nova Scotia plants to any point elsewhere in Canada should be limited to the amount in dollars which our competitors would be required to pay by way of increased freight upon the same commodity to reach the same point.

THE CHAIRMAN: Q. Is that regardless of distance?

A Regardless of distance, yes.

MR. COVERT: Q. In other words, I gather when you are referring to a trade pattern you mean that after those rates were fixed in 1928 or 1927, that between that date and 1948 you have established a trade or market pattern?

A That is right.

Q And that if there are any increases then you say those increases should not disturb that pattern?

A That is right.

Q I suggest that seems a little different from what is contained in the quotation in the second paragraph on page 4 because apparently what the Duncan Commission seemed to have in mind was that the Board would order an accounting investigation at their own hand into the incidence of the railway charge on the costs of production of the commodity?

A I will not say that it was a mistake, but I may have been doing this. I may have been suggesting that the Board have power to do a certain thing and then telling them the answer they ought to find if they





do exercise the power. That is probably what I was doing. Mr. Covert, I wonder if I might now, while I remember it, make one observation which I think this Commission would be interested in having. That is that over the past ten years at least it is pretty hard to visualize a normal or ordinary trading pattern for these industries of ours in Nova Scotia. All of us know that during the past ten years the question of what it cost the consumer to get an article was the last thing he thought about it. The question was, "Can I get it?" It was not a normal trading situation certainly with respect to steel products because they were in terribly short supply. As a matter of fact, while the supply is beginning to adjust itself it is not entirely over yet. There are still some items that are in short supply but, of course, the question of what the freight rates were during the past ten years was not nearly so important as I feel it will be in the next ten years, because during the next ten years I think we can say that we are going to be back in normal competitive trading circumstances and not be in the position where as long as you had the article, and as long as the consumer could get it, he would pay anything he had to pay in the way of incidental charges.

COMMISSIONER ANGUS: Q. Would you not expect the trading pattern to change as circumstances change?

A Yes, indeed I would.

Q Is it your contention that the freight rate should be used to prevent that change?

A Not necessarily, but it is my contention that when the trading pattern changes the freight rate structure



should be sufficiently elastic, and there should be sufficient power in the controlling board to adapt itself to these changing conditions, and I do not think that the freight rate structure should be made the instrument of change in the trading pattern, if you follow me.

Q Yes.

A My contention is that the horizontal increase on our products changed our trading pattern. It changed our market pattern adversely as far as we are concerned.

Q Would not any great change in actual transportation costs be, so to speak, a legitimate cause of change in the trading pattern?

A I think you have got to balance all that out. Obviously you cannot expect to operate railways without money. I do not expect them to operate without money. I have some ideas of my own which I propose to develop later. I think there were some inquiries that might have been made, when the need for revenue was presented, to obviate the necessity of changing the trade pattern except as a last resort.

I believe that the horizontal increase, certainly in respect of long haul products, basic commodities, is wrong. I am not convinced that it is right in respect to anything, but I am not prepared to say about commodities that I do not know very much about. For instance, if a man is manufacturing neckwear I do not know what proportion of his distribution cost the freight rate amounts to, but I do know that when you are dealing with steel, in either the primary or finished form, the freight rate is a very important item.



MR. COVERT: Q. At the bottom of page 5 I think you refer to this. It is the last four lines on the page, Mr. Chairman. You say:

"The Railway Board, we were informed by the railway administration, felt themselves prevented from working out the proposition in that way" -- referring to a reduction of rates on basic commodities.

"--since when the advances were made they were made horizontally, and some declaration had been made at the time that when reductions came they also would be made horizontally."

I think that is what you were referring to when you answered the Chairman?

A That is right.

THE CHAIRMAN: How far does the Board go in taking that attitude, when they say they are bound? Suppose the railways agreed to a different sort of increase than a horizontal. Surely the Board could ratify that.

MR. O'DONNELL: I think that had reference particularly to the 1921 and 1922 reduction cases because during the war the 1918 increase had been on a horizontal basis, and some assurance had apparently been given by somebody, and reference is made to that by the Board, that when the reduction took place it would take place horizontally. I do not think it went beyond the cases at that time. I do not think that thought was carried on into the last increase, for instance. It was solely the manner in which the original increase had been granted in 1917 and 1918.





THE CHAIRMAN: When they said they were bound they simply meant they were bound on account of what they had done previously.

THE WITNESS: In view of the statement made by Mr. O'Donnell, I should like to say that there does not seem to be any doubt but that in 1926 the administration of the railways felt that horizontal increases were prejudicial, at least to the type of commodity I am talking about, and they so informed the Duncan Commission. It appears from that record that they themselves suggested to the Board that basic commodities should be dealt with in a different way on the occasion of the reduction, and the Board said in effect, "Oh, no, we cannot do that because we said when we increased these rates horizontally we would also decrease them horizontally when the time came."

That was in 1926, but here we are in 1949. I myself was present during a part of the hearings before the Board of Transport Commissioners when the application for increased rates was made. Whether the railway administration has changed its mind since 1926 I do not know, but I must say I did not hear anybody suggest to the Board of Transport Commissioners, and I did not hear the Board of Transport Commissioners suggest, that they should depart from the horizontal policy, if I may say that, and get into a more vertical position. I heard nothing of that.

The fact of the matter is that the Board of Transport Commissioners, if they were wrong when they made the horizontal increases prior to 1926, if they



were wrong when they refused to reduce these rates otherwise than in a horizontal way, perpetrated the same mistake in 1948 - I am not sure if it was 1948 or 1947 - and they did so at the request of the railways.

MR. SINCLAIR: Over the opposition of the provinces.

THE WITNESS: I am not so sure that the provinces were necessarily opposed to some increase in rates. I do not think, so far as I recall it, that they were. The provinces were opposed to the way it was done, and I do not think they were altogether in accord as to how much money was needed.

MR. SPENCE: There was a very extensive investigation of the possibilities of the horizontal increase and other methods of increase then.

THE WITNESS: That may be. I was not there when that took place, if it did take place. I found myself compelled to withdraw from that arena at a certain time. I withdrew. Obviously the result is not what I would have liked to have seen if I had stayed.

MR. COVERT: Q. I take it your position is that in 1926 the railway administration intimated to the Duncan Commission that horizontal increases did affect basic industries, and on long distance traffic it affected them particularly. You say that the railway administration recognized that, and then you say that nevertheless twenty-two years later they make an application for a horizontal increase and make no suggested exception in the case of basic industries?

A That is in effect what my proposition is.



Q Do you suggest when they made the application they should have said, "We want a horizontal increase, but there are to be certain exceptions"?

A Well, they might have said that, depending on what their judgment was of the effect of a horizontal increase on other commodities. That is something I am not prepared to speak about, but at least I think to be consistent, unless they have changed their point of view since 1926, they should have said that there ought to be some exceptions to that rule, to that horizontal application.

Q Then I will take you to page 10 of the brief where, in the second paragraph, you deal with the method that was adopted by the Interstate Commerce Commission. You refer to their action, Ex Parte 162, which gave effect to the request made by the railways that the increase on iron and steel products be limited in all instances to a maximum of 80 cents per ton. Then you proceed to say:

"....and it is our view that a formula which recognizes the principle accepted by the Interstate Commerce Commission would afford a reasonable solution of our difficulties."

A I say that the railways in that case recognized what our railways recognized in 1926, and that they were careful to suggest to the Interstate Commerce Commission that that particular aspect of the movement of freight be dealt with on other than the horizontal principle. That is what I think should have been done in our case.

COMMISSIONER ANGUS: Q. Would you condemn





horizontal increases under all circumstances? What I mean is if there was a general increase in prices and costs would not a horizontal increase in freight rates be, so to speak, a normal part of that inflation?

A I think that is a dubious statement to accept without qualification. As I view it -- and I am leaving aside for now the question of steel as such -- we have, as I understand it, a very large amount of freight which moves on our railways on rates other than what I may ineptly call standard mileage rates. You know what I mean by that, at any rate.

Q Yes.

A A great many shippers, who do not get the benefit of these lower rates, feel there is a certain discrimination against them, and that having a market they are prejudiced in their trading position by the fact that a competitor may get those rates. A horizontal increase, of course, aggravates that differential every time, and for that reason I think that one would have to hesitate before he accepted the proposition that, even excluding basic commodities, you could apply a horizontal increase on freight rates as part of a general increase in the cost of doing business. I think you would have to be careful about that.

Q Perhaps in taking hypothetical examples we have both of us over-simplified a little. I was considering a horizontal increase for the moment applying to all rates, not considering the operation of an increase that applied only on rates on which a small part of the traffic moves, and not applying to competitive rates.



A But it would apply to competitive rates. You see the point is if I am shipping a commodity on the standard rate and my competitor is shipping it on a competitive rate he enjoys a differential against me.

Q Yes.

A And if he is moving it at 40 cents and I am moving it at 60 cents, a 20 per cent increase increases the differential. I pay 12 cents and he pays 8.

Q My suggestion is if there has been inflation, that is, decrease that differential, keep it constant in terms of dollars but not constant in terms of what dollars would buy, a decrease in that, that the change in the number of dollars paid simply puts it back where it was?

A I do not think your mathematical proposition is sound. I may be wrong about it, but I cannot accept it as being sound.

Q Let me try it this way. Suppose your costs and your competitor's, including freight to a given point, represent 100. The point is nearer him than it is to you. Your freight charge is a higher portion of your costs. Costs in general increase by X per cent, your costs and his. Since freight rates remain constant, your competitive position has been improved by that movement of costs because it has affected only, shall we say, 70 per cent of your total costs and perhaps 90 per cent of his total costs. The freight rate change would have to be by an equal percentage to put you back on an even footing. Is that reasoning wrong or fair?

A I do not say it is wrong and I do not say it



is unfair, but I confess this to you - and I am quite sincere about it - I just do not understand it.

Q I will put it a little differently. Let us take the examples you have given on page 6.

A Yes.

Q Then take into account all the costs other than freight rates. If those costs other than freight rates have been increasing equally for you and for your competitor, freight rates being a small part of his costs and remaining constant, your total costs have increased a little less than his total costs?

A I cannot see that.

Q I will try again. I think you told us freight rates were a large part of your costs?

A I say freight rates are relatively a much larger part of our costs than they are of people who produce other sorts of products.

Q Or of your competitor's, who is nearer to the markets?

A Well, of course that is very obvious from the examples I have given.

Q Let us take an arbitrary percentage of 100. Let us say 70 per cent consists of other costs and 30 per cent of freight rates in your case, and of your competitor's costs let us say 90 per cent consists of other costs and 10 per cent of freight rates?

A Now I begin to see your point. I understand what you mean, but it is a hypothesis one could not possibly accept. It seems to me that hypothesis comes back to this, that people are selling their goods at





cost. Now, I have a feeling that if you examine some published figures you will find that some of my competitors make more money than I do, and that would indicate that their costs, other than freight rates, are not higher than mine. You see it is perhaps rather difficult for me to theorize over this matter because I am always confronted with facts that I know. I know that for years it was recognized that in order to get to these central markets our steel industry in Nova Scotia had not only to have the benefit of some consideration in the establishment of rates on long haul freight, but we also had a labour differential as against the Steel Company of Canada, for instance, for years.

With that advantage, and any other advantages that we had - I cannot recall any very marked ones now - we still had difficulty in getting into those markets. When the war came along our labour costs were established on a par with those of the Steel Company of Canada by a rather famous proceeding, and that advantage we lost.

I frankly believe that if we are going to test our position on the results of the last ten years, you will find that the next ten years have a great deal of grief for us on these increased rates and the other increases we have suffered.

I can see your point, of course. If our cost position was as you say it was your reasoning is quite logical and fair, but it is a hypothesis I could not accept for a moment.

Q I can see your point perfectly, but if your costs have increased by a greater percentage than your



competitor's costs, that is to say, if you no longer have this labour advantage, then an increase in freight rates comes as a very severe blow, but if you are considering the structure of trade and the markets and all the rest of it, is not the real factor there the increase in your costs, in your labour costs, and are you not asking the freight rate structure to compensate you for that, as it were?

A No, no. You and I are arguing this thing from two opposite poles. You take the position that because I get into this market at all with the freight rate handicap I have that my other costs must be lower than my competitor's. I say that is an assumption I cannot agree to. I, on the other hand, am trying to present it with a detached point of view, but nevertheless with knowledge of the facts as they exist, and that is why we cannot get together on your proposition. I understand the point now, and I am sorry I was so obtuse before.

Q My proposition was not really in terms of your absolute costs and your competitor's absolute costs, but in terms of the increase in costs during the last few years, followed by this increase in freight rates. As I understand you, you say an advantage that you had in labour costs has disappeared?

A That is right.

Q That means that your costs have increased more than your competitor's costs?

A But I do not make any point of it here.





Q Is that not really the point in saying that the freight rates if they are to preserve the market structure must not increase?

A No, no, I have not suggested that freight rates must not increase.

Q Must not increase horizontally?

A I say they must not increase horizontally because when I attempt to move a ton of angle bars, bars, bolts or fish plates from Trenton to Brantford, under the increase it costs me \$2.24 a ton more to move it than it did before that increase, but my competitor, who is moving the same commodity from Hamilton, Ontario, only pays 67 cents more. That is a question of dollars and cents, and I say when you are dealing with commodities such as we produce amounts of that substance are too important competitively, and I feel absolutely certain that under normal trading conditions, where supply can meet demand, a horizontal increase has the same prejudicial effect that was recognized by the Duncan Commission, and by the railway administration twenty-two years ago, and the situation has not changed in that respect. That is my proposition.

Q That really separates freight costs from other costs completely?

A That is right.

Q It does not suggest there is any relation between the two.

THE CHAIRMAN: Q. How then would you increase freight rates? You say you recognize there must be increases sometimes. You say why a horizontal one operates against you. What alternative have you to





propose?

A The alternative that I have to propose with reference to my own commodity is as it appears there.

Q A maximum?

A Yes.

Q You gave us an illustration of the difference between yourself and your competitor, in your case the increase being \$2.24 and in his case 67 cents. How would your proposal work out in that case?

A In the first place, of course, I would say if his increase is going to be 67 cents let them increase mine 67 cents, and that will preserve the competitive position. I would not wish my competitor to have to take the \$2.24.

Q He would still be paying less than you?

A Still be paying less than I would, yes.

MR. O'DONNELL: Because of his shorter distance.

THE CHAIRMAN: He would have that advantage.

THE WITNESS: What I am thinking about, Mr. Chairman, is that when you get to the consumer the increase that he would have to pay would be the same in respect to my product as my competitor's. That is the point. If I may say so, I have always thought it would be a worthwhile subject of inquiry, at any rate, to see how what I call a specific increase rather than a percentage increase, a specific unit of currency per quantity, might apply on other commodities. I did not feel I had the time to make that study, but I feel it would be a worthwhile subject of inquiry.

MR. COVERT: Q. Mr. Forsyth, it is possible,



for example, that instead of increasing yours \$2.44 and your competitor's 67 cents --

THE CHAIRMAN: \$2.40.

THE WITNESS: \$2.24.

MR. COVERT: \$2.24, I am sorry.

Q --that it might be necessary to increase them both by \$2 in order to provide the railway with the necessary revenue. That might mean that the railways would get no business, for instance, from Hamilton because the rate would be too high, and the trucks would get the business or some other method of transportation.

Page 5535 follows



A. Of course that takes me immediately to another phase of my submission, and that is, that it is awfully difficult for me to see how justice can be done to the railways and to the shippers as well unless you can get a centralized control of all forms of transportation.

I repeat, I do not see how justice can be done to the railways or to the persons for whom they carry freight, unless competitive freight rates are also controlled; and I think the only way they can be adequately controlled is to have them under one body.

Q. I suppose you would recognize the difficulty of that, constitutionally?

A. I do. I recognize it is a very difficult thing. We have heard, recently, a great deal of talk about co-operation between the provinces and the federal government, and it would seem to me that it is reasonable, at least, for all these interests to reach some agreement which would be for the benefit of everybody. After all, a man who lives in a province, while he may have certain privileges as a resident of that province, he also has the inestimable privilege of paying federal taxes; and if those taxes are to be used, as they must be used, to make up operating deficits of the railways, then, as a provincial resident, he might well sit down and say: What can I do about this?

The Government might also think of him. I do not know if it has ever been done, Mr. Covert, but I wondered the other day, when I was considering this thing, if anybody had ever asked the railways to make a breakdown of the freight carried on other than standard





rates, and I have often wondered, if you broke it down and figured out the revenue derived from that, and compared it with the revenues the railways would have derived had they carried the goods at the standard rates, how much revenue was lost that way.

It seems to me that would be a good place to start. Whether you would get that revenue back by controlling all these things, I do not know.

The standard mileage rates, I take it, were established on some basis, possibly the one that the Duncan Commission referred to, that of reasonable compensation to the carrying company, with no unfair preference or unjust discrimination between traders. It must have been established on some basis, if that is the amount the railways ought to collect for the carrying of the freight. But, because of competition from trucks and ships and one thing and another, they get a great deal less.

That would seem to me to be the first subject for inquiry, how much revenue do they lose there? And proceeding from that, we would try to see how much of it might reasonably be made available to them.

Q. You would agree, I suppose, Mr. Forsyth, that trucks, certainly, have their place in the field of transportation of freight?

A. Oh, undoubtedly.

Q. But you see, you say in your brief they should be regulated?

A. I think so.



Q. Do you have in mind particularly the supervision of the rate structure for trucks, or do you also have in mind that they would have to prove necessity and convenience before they could get a licence to operate?

A. I have in mind all those things. I do not want to make an address about this, but some of the injustices of truck competition with the railways have been very apparent to me, as I suppose they have been to everybody. And the first thing that strikes one, I think, is the difference in the capital investment required. The railways have to have railway tracks which they have to keep up. They have to maintain a rather elastic supply of rolling stock. All those things are capital matters. Then, in addition to that, the railways are supervised. There are considerations of safety of operation, welfare of employees, and so on, and all these matters are things which, I have no doubt, the railways accept gracefully. But they are costly, and these things do not apply, ordinarily, to trucks.

Taking the whole economic picture and considering, as I said before, that residents of a province are also residents of Canada, in the whole Canadian economy it may very well be that my corporation is paying the shot for the use, by a lot of trucks, of highways on which they operate and for which they pay relatively little. And at the same time, indirectly, my corporation is paying the shot, because the railways are compelled -- or they think they are compelled -- to meet rates at which those trucks operate.



Q. This would depend, of course, I suppose, on whether the competitive rates were non-paying or non-compensatory?

A. All I can say about it is that if the competitive rates are paying rates; that is, if the railways operate profitably under them, then I think the people who pay the standard rates have got a very just cause for complaint.

MR. FRAWLEY: Q. That is why some of us are here.

A. I think I know why some of you are here.

MR. COVERT: Q. I suppose, Mr. Forsyth, in the case of your corporation, actually, hardly any of the rates which you pay would be standard mileage rates?

A. Well, in the first place, the rates which we pay from the maritime provinces are rates established under the Maritime Freight Rates Act. That is the first thing.

I would not like to say that some of those rates were not established on an earlier basis of water competition. I would not like to say that they are not. But the railway people could, perhaps, give us a little more information about it. They have been in effect for a long time.

Q. Suppose, generally speaking, the competitive rates were raised and this meant loss of business to the railways?

A. I cannot see that that would do anybody any particular good. If they lost the business, I can't see where it would do any particular good, except that





anybody in a commercial or industrial operation knows that there is a point of no return. That is, up to a certain point you will accept business, even if you are losing a little bit of money on it, because you are saving a little bit of overhead somewhere else. But there comes a point where, to take business has no economic justification at all; and I have difficulty relating anything of that kind to the operations of the railways, because I do not know very much -- I know so little about it.

MR. O'DONNELL: Q. Your company does not do that at all?

A. Do what?

Q. Take business at a loss?

A. Well, I would like to have that in writing.

MR. COVERT: Q. Now, there is a point on page 7, the penultimate paragraph wherein you say:

"We have not thought it wise to encumber this submission with a great deal of statistical data but if your Commission should desire us to do so, we could prepare a list of the principal products of our plants in Nova Scotia and demonstrate to the Commission to what extent in dollars the competitive handicap of our geographical position has been increased by the operation of the recent horizontal increases in the freight tariffs applicable to those commodities."

A. I have had instructions to prepare that memorandum, and sufficient copies of it will be available shortly. I do not have any comment on it. How many copies of it would you require?



Q. We will want five copies.

A. We will have more than that.

MR. SINCLAIR: Q. Could you not include plants other than in Nova Scotia, and also cover inbound material as well as finished product?

A. It could, if you would make a note. I certainly could get that information, of course.

MR. COVERT: Q. When it is available, you could send it to the Secretary of the Commission?

A. Yes, to Mr. Hunter.

Q. And you could make copies of it available to the provincial counsel?

A. Yes, we can make any number of copies.

Q. Yes; make additional copies available for counsel for the provinces.

A. We will be very glad to do that, and I will send a number of copies to the Secretary of the Commission, when anybody who is interested can get it. That would save them the trouble of communicating with me.

Q. Thank you. I think we should have that filed as an exhibit.

A. Do you want to file this memorandum from which I read, Mr. Covert?

Q. Thank you, very much. That will be Exhibit 71, being a list of the products and by-products manufactured by Dominion Steel and Coal Corporation Limited, and the particular units.

EXHIBIT NO. 71 -- Filed by Mr. Forsyth.  
List of products and by-products manufactured by Dominion Steel & Coal Corp. Ltd.



THE WITNESS: I have some more copies of it here.

MR. COVERT: Q. As to this information which you are going to file, perhaps the best thing to do would be, when we receive it, perhaps, at a subsequent hearing, we could give it a number.

MR. SINCLAIR: Could we have it clear that, for instance, on steel it would cover the inbound coal, limestone, and iron ore costs, and the increase that they have borne over the same yearly period, so that we can see the picture both inbound and outbound; and not only covering primary production on steel, but finished products as well from the various plants that they have.

THE CHAIRMAN: Q. What about that question?

A. I would call your attention to the fact that on limestone you would not, of course, get very much difference because our limestone moves entirely by water.

MR. SINCLAIR: Q. That is the point. I suggest there might be a disadvantage from the transportation standpoint. For instance, the plant at Hamilton or Sault Ste. Marie, when you consider the distance they have to bring their coal as compared to the transportation of coal over the Louisbourg Railway which Mr. Forsyth's companies may have, it would appear that he is his own shipper moving iron ore from Newfoundland against a movement of iron ore from the Missanabie range; and it was on account of that thought, I think, in order to understand its impact in the matter of transportation charges with Dosco, let us say, versus Algoma, or the Steel Company of Canada at Hamilton -- we have to have both the inbound raw material and the





outbound steel.

A. Well, of course, I have not any objection, fundamentally, to going into the costs of the acquisition of raw material for the Sydney steel plant, but I find it rather extraordinary that when I appear here, complaining of one thing, namely why it costs me more dollars to move my ton of product, relatively, due to this increase -- that is, that the increased cost is greater to me on a ton of my product than it is to my competitor -- that somebody should put a question to me suggesting that what this increase was doing was readjusting some other -- some advantage of cost that I had.

In answer to that I would say to them that the cost of my limestone and the cost of your iron ore in 1927 -- it is, perhaps, much more than that now -- but I move them exactly the same way and I transport my coal then as I do now; and I say, in 1948, before this increase went in, it cost me so much to move a ton of what I moved; and by the operation of the horizontal increase, you have prejudiced my competitive position; and so far as I am concerned, I do not see what, at this stage of the proceedings, the method of my acquisition of my raw material has to do with the point I am making.

If I were asking my friend to go back to 1817, let us say, or some remote date, and if I asked my friends to discuss this survey that they undertook to make, or that one railway at least thought they ought to make in 1926, it would be quite different then.

All I am suggesting to this Commission is that it should recommend a remedy for the situation that this



horizontal increase has brought about. That is all I mean.

Q. All I was going to say was, that to make the position clear there is no doubt that there have been certain advantages which Dosco has had in producing steel at Sydney. Those advantages were no doubt a question of markets, to some degree. But they also had advantages on the question of inbound raw material.

To understand whether they are at a disadvantage which requires special treatment -- and I understand that is what is being asked -- you would have to look at the entire picture. I think it is of moment that when the steel industry was before the Duncan Commission, they did not ask for special treatment in regard to transportation matters. They asked for adjustments of tariffs.

THE CHAIRMAN: What do you mean by "tariffs"; do you mean customs tariffs?

MR. SINCLAIR: I shall read from page 37 of the report of the Duncan Commission, as follows:

"The assistance asked for in respect of the steel industry was:--

- (a) Appropriate tariff adjustments; and
- (b) Bounty."

THE CHAIRMAN: I suppose that meant customs tariffs?

MR. SINCLAIR: Oh, yes; not freight tariffs. And the point I have in mind is, that it seems to me if there is any necessity for special treatment, that



transportation charges are not proper instruments to bring it about, and it was with that thought in mind that I asked that this exhibit be put in.

THE CHAIRMAN: Have you considered, Mr. Sinclair, that you were virtually asking us to go into an industry and find out all about its past, what it pays for its raw material, where it gets it from and the means of conveying it to its plants; and if we are to do that with the steel industry, are we to do it with all the industries of Canada which use the railroads? Where would it end, and what would it do, in the long run?

I am not saying no now, but what sort of study have you in mind? Because, would not what you say there apply as well to practically all organizations which come before us, on the question of transportation charges?

Would you have us go, in every case, into the costs of that organization's raw material, the costs of its labour, and of other things which go into its cost of production, before we come down to a fair freight rate part?

MR. SINCLAIR: Basically, I would say this, that in my view, the person or industry which has a special rate or privilege, whether it be by statute or otherwise, is under a duty to this Commission to justify the continuance of that special privilege.

THE CHAIRMAN: What is the special privilege that you have in mind?

MR. SINCLAIR: For instance, they have a 20%





reduction under the Maritime Freight Rates Act, and the Duncan Commission found that it was to take care of the difficulties which occurred between 1912 and 1926.

Now they come forward and say that on account of the percentage increase, they are placed at a disadvantage which the Duncan Commission said they were not to bear.

If I have not understood Mr. Forsyth correctly, of course he will correct me.

THE WITNESS: He certainly will.

MR. SINCLAIR: Therefore, if he asks for special treatment, I suggest that he should support the special rates and privileges that he has got today. He has commodity rates which the railways have given him to move his traffic. The railways, and the Board supported them in the view, thought that the fairest and only practical way /to secure the additional revenue they required was to have a horizontal percentage increase. But as I understand Mr. Forsyth, he says that the steel industry requires special treatment. That may be a question for the Board of Transport Commissioners; and I think, possibly, he has had it before them.

THE CHAIRMAN: Do you not think the question of a horizontal increase goes further than merely the steel industry?

MR. SINCLAIR: Quite so.

THE CHAIRMAN: Yes, of course. We are told that the Board said once, a long time ago, that they felt themselves bound by something they had previously done, to keep up the system of horizontal increases and decreases.



MR. SINCLAIR: I do not think they said that.

THE CHAIRMAN: There are other methods of increasing rates than the horizontal method. We are being asked to examine whether the horizontal method is the proper one or a fair one to all shippers in Canada, or whether some other method might not be substituted for it, and the Board allowed to apply such another method.

But when you say that this particular industry is asking for a special privilege by expressing its dissent to horizontal increases, isn't that the thing that we have heard all over the country?

MR. SINCLAIR: Isn't Mr. Forsyth, on behalf of the steel industry, and Dosco, in any event, saying that primary products should be treated differently? There are a number of primary products which move a large amount of traffic, such as grain, for instance.

THE CHAIRMAN: Grain, potatoes, fish, forest products, and lumber. Are you now suggesting that we should, in each case, go into all those things, the cost of raw materials, the cost of labour, and so on, and only after we have done that, then come down to the method of increasing or decreasing transportation rates?

MR. SINCLAIR: I would suggest there is a certain amount of revenue required by the railways. How is it to be acquired? I have heard of three methods: a flat percentage; a percentage with a maximum; and a straight cents per hundred pounds increase.

The suggestion put forward by Mr. Forsyth is rather an unusual one. It is not a straight percentage with a maximum; it takes in the competitive factor and



a levelling of competitive rates between various points. That is the first time I have heard that put forward on this Commission's inquiry, and I say it is a request for a special privilege, a special rate by the steel industry of Dosco; and I think it is incumbent upon the person who brings forward a suggestion like that to make available the facts which support it from a competitive standpoint. That is my submission.

THE CHAIRMAN: Do you mean to say that Mr. Forsyth's statement that he pays you 67¢ more than the present rate because his competitors in another part of Canada pay 67¢ more is something new and that we haven't heard it before?

MR. SINCLAIR: Oh, yes. For instance, take the Hamilton Steel Company.

THE CHAIRMAN: I am not talking about that. Are you suggesting that this is the first time we have been asked to consider such a rule?

MR. SINCLAIR: Yes, sir. That is implicit in the way I understood it.

THE CHAIRMAN: But the other shippers who attacked the horizontal increase method, what have they been saying?

MR. SINCLAIR: They have been asking for a maximum.

MR. FRAWLEY: In many instances our submissions have not been made and we have but sketchily touched on what the submission will be that we will make. I take exception to what my learned friend says, that we have said we want a maximum. My learned friend should wait





until he hears what we do want.

MR. SINCLAIR: I have said, up to date; I know you have all sorts of things up your sleeve.

THE WITNESS: It is a very serious matter for the company I represent, and my learned friend knows it.

MR. SINCLAIR: It is a very serious matter for the railways, too.

THE CHAIRMAN: On the bare idea of furnishing an exhibit, you are asking us to compel this particular company to produce a whole lot of things which may or may not be pertinent to the business before us. It is too big a question to decide offhand today so we had better leave this exhibit in abeyance until we have had time to consider it and can see how much we think, in the way of information, should be obtained.

MR. O'DONNELL: I do not think that in this particular case, the 21% case, the Board said it felt itself bound to grant increases on a horizontal basis. It said that it could do it that way.

THE CHAIRMAN: We are told of something the Board said away back twenty-five years ago.

MR. O'DONNELL: That applied to the two, the 1917 and 1918 increases which, in 1922, were reduced; and the reduction was made by way of a horizontal reduction, just as the increase was made, because someone thought that was the way the Board, at that time, should do it. But I do not think that, in the 21% case, the Board felt concerned to do it in that particular way.

THE CHAIRMAN: What did they say?



MR. O'DONNELL: They said it was the practical way of doing it.

THE CHAIRMAN: Did they reject any other alternative?

MR. O'DONNELL: No, because they did impose, on coal and coke, a flat increase of 25¢ a ton. And the Board had the widest powers to handle it in any way that they pleased, I mean in the way of granting additional revenue which the railways needed. But I do not think they felt themselves constrained to do it only on the horizontal basis. They had the power to do it that way. And on the application to the Supreme Court for leave to appeal, Mr. Justice Kerwin made it clear that the Board had the right, if they so chose, to maintain an application for a horizontal increase. But I do not think the Board felt themselves bound to do it that way.

(page 5557 follows)



MR. FRAWLEY: Might I point out, in the case of coal and coke, my lord, the application itself asked for an increase in cents per ton, so that we are left in the position that the Board itself did not bring its mind to bear in the manner which the provinces asked that they should on this question of horizontal increases. They said it was a difficult matter, and the other was a simple and practical matter, but they did it.

MR. O'DONNELL: My lord, I do not want to take up any time unnecessarily, but I think there are thousands of pages of discussions in the 21 per cent case on the right of the Board to grant a horizontal increase. It was bitterly opposed by Mr. Frawley and others, who suggested some other way should be done, but the Board said, at page 65 of its judgment:

"Strong exception was taken by the respondents to the granting of a straight percentage increase in freight rates. But, as I view the matter, this is the only workable and practical method of dealing with the question in order to provide the additional revenue required by the railways."

Then further on the Chief Commissioner said:

"While there are a number of individual cases where discrimination in rates is alleged to exist and it may be that some of these require special and separate consideration, on another occasion."

That left it open for anyone who had a cause or who felt a cause existed to present it to the Board for an adjustment, and my understanding is that my friend





Mr. Forsyth,

Mr. Forsyth's company has answered and filed an application with the Board of Transport Commissioners in that connection.

THE CHAIRMAN: You mean an application to the effect of the doctrine that Mr. Forsyth is expounding now?

MR. O'DONNELL: I have not read the application itself, but some adjustment is needed in the case of his particular company. The Board said they could entertain such applications --

THE CHAIRMAN: It will be interesting, then, to find out to what extent the Board itself will go into such matters as Mr. Sinclair raises here -- primary costs and so on.

MR. O'DONNELL: The other thing, if I might make one further observation --

THE CHAIRMAN: If there is such an application, similar to what we have been told by Mr. Forsyth, it will be interesting for us to observe to what extent the Board will go into the matters that Mr. Sinclair says ought to be gone into by anybody who is asking for what he calls a special privilege. That is the case, isn't it?

Q. Mr. Forsyth, is your application before the Board now? Does it cover the same ground as you cover here?

A. It does in effect, I think. It is in substance an objection to the horizontal increase as affecting our competitive position.

Q. And you propose this alternative, do you?

A. I would not like to say that I do.

MR. SINCLAIR: Not as I understand it.

THE CHAIRMAN: Well, if it is not on all fours



with what we have been told, it will not help so much.

MR. O'DONNELL: It may be of interest to the Commission to have filed copies of the application and the replies made by the railways to the application. That would give the Commission the complete information as to the position in which it stands at the present time. What the ultimate outcome may be is something else.

May I make a further observation, my lord? As I understand it, Mr. Forsyth has advocated that the Board should be given powers to consider, in keeping with the recommendation of the Duncan Commission, such compensation to the railways over all as to permit of a certain amount of trade development. That is on page 4 of the brief. Then the next paragraph:

"If the Railway Board is to be vested - as we think it should be - and we recommend that it should be - with the somewhat fuller supervisory responsibility that we have indicated, we think it should also be vested - and recommend accordingly - with power, in weighing an application that raised these considerations, to order an accounting investigation at their own hand, into the incidence of the railway charge on the costs of production of the commodity, and its relationship to other costs, and to the general trading results of the interest involved."

That is on page 4 of the brief, the closing sentence in the second paragraph. That is the aspect, I think, to which Mr. Sinclair is pointing, that if this trade development is to be taken into consideration, then it is not merely the incidence of the railway charge on the



costs of production, but it is also the relationship to other costs and to the general trading results of the interest involved. If the competitor of the complainant has an advantage, for instance, in certain cases, that advantage must be weighed against its disadvantages and compared to the advantages or disadvantages of the other company.

Now, DOSCO, as I understand it, has its coal at first hand, has its iron ore relatively close by, and brings it in by water. Hamilton imports its coal, Hamilton brings its ore from the United States, and all these features must be considered in the over-all picture when the general trading results of the interest involved are being gone into. I think that is the object of Mr. Sinclair's request for this additional information.

THE WITNESS: Mr. Chairman, may I make an observation here? I am very grateful to Mr. O'Donnell for explaining Mr. Sinclair's position, and I think everybody ought to be grateful to him for pointing out what a wonderful situation we have at Sydney; but if Mr. O'Donnell's clients had done what they undertook to do in 1926, then one would think that the rate that I was paying in 1927, after the passage of the Maritime Freight Rates Act, had taken into consideration my trading position, and all I have said here, and the tremendous special privilege I have asked for is, when I come to put a ton of steel from Sydney or Trenton into a market point in Brantford or some other point in Ontario, don't ask me to pay \$2.24 more when you are





only asking the Steel Company to pay 67 cents. That is the special privilege I have asked for, and when I ask for that I am told that I did not ask for it before the Duncan Commission. What I wanted then were tariffs, customs tariffs and bounties, and I am trying to get a rate increase, I am trying to get what was asked for in 1926, when I object to a rate increase that was put through twenty years afterwards. Now, all I have to say to that is, if you look at page 26 of the Duncan Report you will see that the influence of horizontal war increases was discussed there, and the injustice or the prejudice that they caused was signalized by the Duncan Commission by referring to the predecessor company, the British Empire Steel Corporation; that is the example that they used. Then this is what was said:

"The railway administration, in giving evidence before us, agreed that long-distance traffic, particularly heavy traffic, had been seriously prejudiced by the operation of the horizontal increase. It was, they said, their opinion that even on the present level of class rates, and considering expenses, the higher class goods are not carrying their full share of the expense of operations.

I asked myself if there had been any change in that situation.

"They had made the suggestion to the Board of Railway Commissioners some two years ago -- at a time when a reduction in class rates was being considered -- that instead of reducing the class rates they should



Mr. Forsyth,

select what was considered basic commodities, such as grain, forest products, coal, iron and steel."

That was the suggestion of the railways; that was the special privilege they were suggesting.

"The Railway Board, we were informed by the railway administration, felt themselves prevented from working out the proposition in that way, since when the advances were made they were made horizontally, and some declaration had been made at the time that when reductions came they also would be made horizontally."

Now, Mr. Chairman, my case is this: I agree with Mr. O'Donnell that the Board of Transport Commissioners did not mention any limitation they felt was on their capacity to deal with this thing when they gave their judgment, but what I do say is that in 1926 one railway at least and one Royal Commission were in agreement that the horizontal increase had a prejudicial effect on basic commodities, one of which was iron and steel, and that it created a prejudice that should be remedied. It was perfectly obvious that that is what both parties thought at that time. Now, since that time, if my recollection serves me correctly, we start with the Duncan Commission, there was the Jones Commission, there was what is known as the Duff Commission, and there was the Sirois Commission. Now, the Board of Transport Commissioners and the railways may, at this last rate application or last increase application, have given a great deal of study to this, but they certainly did not give it any more study than was given by



Mr. Forsyth,

the Duncan Commission, the Jones Commission, the Duff Commission and the Sirois Commission, and those four commissions agreed with the view of the railway administration as expressed in 1926, that the horizontal increase was bad, that it was a wrong way to deal with these commodities; and all I am suggesting to this Board is that they should make another recommendation to the same effect and see if this Commission can get anybody to listen to it, because the other four apparently could not. And even the railways, who themselves were in accord with my proposition that the horizontal increase is wrong, were out in front asking for the horizontal increase in this case, and the only exception that they proposed to make was coal.

Now, that is the point of view I take on it, and I do not feel that I am asking for any special privilege at all. I feel that I am just asking to have increases in freight rates on the commodities that my concern produces dealt with in the way that will be least prejudicial to them, and I cannot understand any railway taking an attitude that they want to deal with them in any other way.

MR. O'DONNELL: I would like to make one more observation, my lord. On page 4 of the brief, as I understand it, the recommendations there set out were not implemented by Parliament; Parliament did not implement that part of the Duncan Report, if I am correct. Now my friend is advocating that this Board should, I take it, recommend what the Duncan Commission recommended, and that is that rates should be made on





Mr. Forsyth,

a basis that would permit reasonable compensation over all as to permit of a certain amount of **trade** development. Now, in order to determine whether trade development should be encouraged or not, these other matters, the Duncan Commission went on, have to be looked into -- that is, the incidence of the railway charge on the cost of the production of the commodity and its relationship to other costs and the general trading results of the interest involved. Now, that is the type of information that Mr. Sinclair's question is pointed to, as I understand it. If one is to advocate that rates should be fixed with a view to the development of trade, then those matters, the competitive aspect of the commodity and the over-all relationship to other costs and to the general trading results of the interest involved, have to be gone into. Now, Parliament, as I say, did not implement that part of the Duncan Report. The Duncan Report says that fresh consideration should be given to these matters. At page 27:

"In view of the importance of railway rates to long-distance and heavy traffic, we have no hesitation in recommending that the matter should be taken into fresh consideration by the Railway Commission, that they should be relieved from the necessity of regarding themselves as bound by any such declaration as is referred to, but should be free to consider the whole question on its merits."

I submit that that is exactly what the Board of Transport Commissioners did the last time. They went



Mr. Forsyth,

into the whole matter on its merits, and there are literally thousands of pages of argument on the matter of the horizontal increase and as to whether or not it should be adopted in this particular case. Every one of our friends argued against it, and, as the Chief Commissioner said, strong exception was taken by the respondents to the granting of a straight percentage increase in freight rates. That was all gone into, and after it had been gone into the Board said, "Well, the practical men are handling this, and the only workable method is, in order to provide the additional revenue required by the railways, to grant the horizontal increase, but we will reserve in effect the right of anyone who is prejudiced by such action to come before us and ask for an adjustment." Now, that is exactly as I understand the position; that is exactly what the Dominion Steel and Coal Company have done; they submitted the matter to the Board in keeping, I would assume, with the right given there by the Board of Transportation Commissioners, which has a continuing control of this type of thing.

THE CHAIRMAN: What I want to do, then, pursuing this, is to see how far the Board as at present constituted intends to go into the matters which Mr. Sinclair says ought to be gone into. Now, it is one thing for the Duncan Commission to recommend that the Board be given the power to make these investigations and have the duty imposed upon it of making them, in the case of any particular applicant, and it is quite another thing to ask us here, in the case of



Mr. Forsyth,

all industries that happen to come before us, for our own purposes to go into all that material. It may be never-ending. Now, I do not know what jurisdiction the Board is prepared to assume -- we may know by the manner in which it deals with the application of Mr. Forsyth's company -- but if they consider that they already have the power and that they are applying it, then Mr. Sinclair's question is answered affirmatively; but I do not think I am prepared now, I mean today, to say, "Yes, this company must present to us" --

MR. O'DONNELL: For that reason I suggest filing copies of the application and reply with the Commission.

THE CHAIRMAN: Yes. However, I think the best thing to do -- I am only talking to myself so far-- the best thing to do is to leave this exhibit with its number, but in blank, and later on we will specify what information it ought to contain and let Mr. Forsyth have that.

MR. COVERT: Very well, my lord.

MR. O'DONNELL: It is Exhibit 72, then.





Mr. Forsyth,

MR. COVERT: Then, my lord, Mr. O'Donnell said --

THE CHAIRMAN: We have another matter.

MR. COVERT: Yes, that is correct. Mr. O'Donnell said he was going to file copies of the application. Do you want to give that an exhibit number?

MR. O'DONNELL: Yes; and the replies of the railways.

MR. COVERT: Exhibit 72.

MR. SINCLAIR: The application is dated October 8, 1948, from Dominion Steel and Coal Corporation to the Secretary of the Board; and the answer of the railways, by Canadian National and Canadian Pacific, is dated December 4, 1948, and addressed to the Secretary of the Board of Transport Commissioners.

EXHIBIT No. 72: Application dated October 8, 1948, from Dominion Steel and Coal Corporation to Secretary, Board of Transport Commissioners.  
Letter dated December 4, 1948, from C.N.R. and C.P.R. to Board of Transport Commissioners re above application by Dominion Steel and Coal Corporation.

THE CHAIRMAN: Then I understand that Mr. Forsyth is to stand aside until this afternoon.

MR. COVERT: Mr. Ouimet is here, my lord, and we had told him he would come on at 12:15. I wonder if Mr. Forsyth would mind standing down till this afternoon.

THE WITNESS: I will be very glad to accommodate myself to anybody's wishes.

MR. COVERT: Thank you very much.

THE CHAIRMAN: Then we will say 2:30 for Mr. Forsyth.

THE WITNESS: Thank you, sir. (Page 5571 follows)



ME. DESMARAIS: Monsieur le Président,  
le prochain item à l'agenda est le rapport de M.  
Séraphin Ouimet. Je demanderais donc à M. Ouimet  
de bien vouloir nous faire part de son rapport.

RAPPORT DE  
M. SERAPHIN OUIMET,  
Ingénieur civil et arpenteur-géomètre,  
Province de Québec.

MR. Desmarais:

Maintenant, M. Ouimet, monsieur le président  
et messieurs les commissaires ont eu occasion d'étudier  
votre mémoire ainsi que des explications supplémentaires  
que vous m'avez fournies comme avocat de la Commission.  
Je suis assuré que ces messieurs ont bien compris votre  
mémoire et je constate d'après l'agenda tel que prépa-  
ré que vous avez quarante-cinq minutes à votre dispo-  
sition jusqu'à l'ajournement. Je suggère donc que  
vous utilisiez ce temps de la façon dont vous le jugerez  
à propos.

Je vous laisse donc libre de procéder de la  
façon que vous jugerez à propos.

M. SERAPHIN OUIMET: Monsieur le Président,  
Messieurs les Commissaires, je vais vous entraîner  
probablement sur un terrain qui n'est pas venu devant  
vous jusqu'à ce matin dans toutes les séances que vous  
avez eu l'honneur de tenir dans les différentes parties  
du Canada .

Vous me permettrez afin de ne pas trop me  
désarçonner de lire le rapport, du moins sur certains



des principaux points que je désire présenter devant vous. Vous avez peut-être lu le rapport et vous avez peut-être une certaine opinion, mais comme je n'étais pas présent, il est peut-être bon que lumière se fasse.

Alors, monsieur le président, messieurs les commissaires de la Commission Royale des chemins de fer, messieurs.

Au mois de janvier 1932, votre serviteur, comme représentant le public, avait l'opportunité de comparaître et de soumettre des représentations devant une Commission Royale présidée par le Très Honorable L. P. Duff de la Cour Suprême du Canada.

En outre de plusieurs recommandations communes avec celles présentées par plusieurs corps publics, comme la coopération, l'ablation des branches déficitaires, l'élimination du parallélisme, la fusion et la nationalisation ainsi que plusieurs autres, votre serviteur avait recommandé en plus et tout spécialement trois facteurs comme absolument nécessaires à la solution du problème des chemins de fer au Canada.

1o. Le raccordement de la Métropole du Canada avec le chemin de fer transcontinental, suivant le Statut Fédéral, donnant des subsides à une compagnie privée qui se chargerait de l'entreprise. Cette loi qui est encore dans les Statuts Fédéraux fut passée par le Gouvernement présidé par Sir Wilfrid Laurier et à son instigation.

2o. La construction d'entrepôts, d'élévateurs avec approches souterraines d'une capacité d'au





moins 150 millions de boisseaux à Montréal, seul et unique centre canadien, stratégique et économique ~~et~~ unx de distribution de douze mois par années vers tous les ports de l'Atlantique, Canadiens et Américains.

30. Le refinancement avait aussi une importance majeure.

Mais, dans toutes ces propositions il est important de tenir compte aussi de l'aspect social, surtout en ce qui regarde l'augmentation des taux correspondants à l'augmentation des salaires. Je passe sous silence certaines parties de mon rapport car vous avez lu le rapport en question, toutefois, je crois qu'il est de mon devoir de vous présenter certaines observations préliminaires sur les différentes mesures à appliquer pour la solution du problème de nos chemins de fer au Canada et plus spécialement du chemin de fer Canadien National.

Par son amalgamation en 1923, cette compagnie est devenue une entreprise publique dont l'activité de production est régie sur une base autonome en fonction d'un rendement sur le capital engagé. Cette organisation de production serait une "Régie Capitaliste" qui doit être soumise à la liberté de concurrence, si l'on veut protéger le public du Canada.

Malheureusement, nos dernières enquêtes, celle de la Commission Royale Duff, celle du Sénat et surtout celle de 1923 relativement aux problèmes de nos chemins de fer ont recommandé la "coopération" entre la compagnie semi-privée et la compagnie dite privée, le Pacifique Canadien, mais la coopération et la concurrence ne peuvent



faire bon ménage et c'est pourquoi les résultats ont été excessivement minimes.

Nous sommes dans une situation où la concurrence qui est la vie doit exister, et nous avons la concurrence entre deux compagnies de chemin de fer, mais je dois ajouter qu'il y a aussi la concurrence entre les compagnies de chemin de fer canadiens et les compagnies américaines.

Ce terrain n'a pas encore été étudié et c'est sur ce terrain que je désire amener la présente Commission.

Alors, à cause de cette faiblesse dans la "Régie Capitaliste" de la production de revenus aux réseaux Nationaux, il appert que cette autorité déguisée légalement, sous forme juridique et administrative est abandonnée et nous entraîne à notre insu dans "l'unité socialiste de production" ou régie "socialiste" tout simplement. L'économie politique nous enseigne encore ces principes qui sont d'ordre social. Vous avez là la deuxième raison de ma présence ici.

Il est vrai que la Compagnie du Canadien National n'est aussi un déguisement de "Régie Coopérative" en ce sens que si les surplus bruts après avoir comblé certaines charges fixes d'obligations temporaires, permanentes ou perpétuelles, il en reste suffisamment ou quelque peu pour rencontrer en tout ou en partie les intérêts dûs au public. Malheureusement, le déguisement de cette coopération, et nous en avons eu la preuve, a mérité son existence utile et complète qu'en temps de guerre.

Notre compagnie semi-privée n'a donc fait son sel que pendant la guerre; mais à quel prix imposé par d'autres facteurs de l'administration du Canada.



Nous ne sommes pas pour nous tenir en guerre tout le temps, nous tenir en état de guerre tout le temps pour avoir un surplus.

Il est vrai que nos directeurs de chemins de fer consolent le public en prenant l'importance primordiale de nos voies ferrées dans le développement du pays, même lorsqu'ils détruisent les branches secondaires qui sont déficitaires. C'est nous apprendre rien de nouveau. Nos bâtisseurs d'empires du passé n'ont jamais eu d'autre but: que celui du développement du Canada et peut-être de l'Empire Britannique. Ils avancèrent l'argent provenant du public canadien ou du capital de réserve venant de l'étranger pour nous doter de trois transcontinentaux au lieu de chemins de fer de pénétration. Ces voies de pénétration auraient été plus utiles au développement du pays en temps de paix que des troncs sans branches l'ont été en état de guerre.

J'énonce maintenant la troisième et principale raison de ma présence devant vous au nom du public, spécialement de la Province de Québec, sinon de la province d'Ontario. Ces deux provinces servent d'appui économique aux huit autres provinces de la Confédération Canadienne. D'ailleurs, messieurs les commissaires, vous avez sans doute remarqué que ces deux provinces du centre sont restées indifférentes dès l'ouverture de vos sessions à Ottawa comme si elles étaient des institutions de charité contraintes de continuer le paiement de subsides pour les autres provinces. Il est temps de mettre un frein à cette mesure d'aspect plutôt politique et de faveur particulière et idéologique.





Mon rapport vous donne certaines raisons qui expliquent ceci et il est de l'intérêt de toutes les provinces d'envisager cette situation.

Je disais dans mon rapport: La dette de l'ordre de deux milliards et demi appartient au Canadien National et d'environ un milliard et demi au Pacifique Canadien. La Compagnie du Pacifique Canadien a intérêt à ce que le Canadien National ne soit pas au déficit, parce qu'elle est la plus puissante corporation privée au Canada et partant celle qui subit la plus grande part de responsabilité des déficits du Canadian National, après nous, citoyens canadiens.

C'est donc aussi dans l'intérêt de cette corporation privée, si nos recommandations font disparaître les déficits. Advenant qu'une preuve plus complète soit souhaitable, je vous prie de me fournir la faveur de revenir vous voir à une date ultérieure, si le Gouvernement Canadien me donne toute la latitude désirée par un Ordre en Conseil adéquat.

En pénétrant plus avant dans la situation générale du pays pour y découvrir les facteurs du problème provenant de notre position géographique dans l'Amérique du Nord, nous voyons que notre population plutôt petite est répartie sur une lisière étroite de l'Atlantique au Pacifique.

Les provinces de l'Est sont séparées des provinces de l'Ouest par la "Grande Barrière", les montagnes laurentiennes. Les provinces de l'Ouest sont séparées des provinces du littoral du Pacifique par une



autre barrière: Les montagnes rocheuses.

Notre pays voisin du sud, les Etats-Unis, dotés de ports douze mois par année et composés d'hommes d'affaires ont construit leur premier transcontinental avec une population de quarante millions de personnes et le Canada avec une population de quatre millions seulement et ainsi de suite pour les deux autres transcontinentaux.

Il y aurait beaucoup à dire sur les faits et gestes de nos "bâtisseurs d'empire" de cette époque soumise à notre émancipation politique, sans égard à notre émancipation économique.

Je vous en fais grâce, mais il est bon de se rappeler ces faits afin d'en connaître certaines causes malheureuses et présumées du problème de nos voies ferrées.

Ces voies sont les cordons ou les rubans d'acier qui lient à vrai dire économiquement les provinces entre elles. Il est permis de supposer que ces routes payées par le public canadien était aussi un lien international dans l'empire Britannique. Sans ces voies, il n'y aurait pas eu d'Acte Britannique du Nord.

Il est naturel et logique que les Provinces de l'ouest et les provinces Maritimes et maintenant la dixième province " Terre-Neuve" lient commerce et leur destinées avec leurs soeurs populeuses, les plus riches du centre, l'ontario et le Québec.

Il est naturel et logique que pour atteindre cette fin, elles veuillent l'abaissement des taux ou l'uniformité des taux sans s'occuper des conséquences sur la dette



totale de nos chemins de fer de nos trois transcontinentaux. Ces trois transcontinentaux furent bâtis comme ligne de première classe et sont encore à répondre à des besoins et des nécessités de seconde classe et plutôt locaux.

Il faut donc changer cette politique de manque d'équilibre et donner à nos transcontinentaux un trafic de première classe. Les deux provinces du Haut et du Bas-Canada, qui ploient en temps de paix sous les charges imposées par la construction des moyens de communications entre les provinces, voies ferrées qui ne peuvent faire leur sel qu'en temps de guerre, doivent avoir la sagesse de se faire un devoir national de changer cette politique plutôt néfaste à toutes les provinces.

Si elles veulent l'uniformité des taux, il faut que le meilleur centre stratégique de distribution soit équipé pour répondre pendant douze mois à l'offre et la demande comme le coeur chez l'être vivant.

Le Canada a des artères comme chemins de fer, il a besoin des branches, de combiner les branches pour nourrir les artères, il a besoin de centres nerveux, comme les fils qui nourrissent les veines, malheureusement il n'y a pas de coeur; c'est là que je veux en venir.

Toutes les lignes modernes conduisent à la mer comme tous les chemins mènent à Rome. C'est pourquoi il est évident qu'il faut mettre la mer accessible trois cent soixante-cinq jours par années au coeur le plus stratégique de notre pays, au lieu de le voir inoccupé et oisif pendant cinq à six mois de l'année.

Sir Henry Thornton qui eut la charge d'opérer





l'amalgamation des chemins de fer présumés en banqueroute, même qu'ils n'ont pas été mis en faillite dans un but charitable plutôt en faveur de l'actionnaire que du citoyen du Canada, disait à Paris le 25 novembre 1925: "Le Canada est au seuil d'une grande prospérité. Les causes de cette prospérité sont purement économiques. Le train de vie très confortable que l'on mène depuis la guerre de 1914 a créé une grande demande pour les céréales que les Etats-Unis et les autres grands pays producteurs ne peuvent plus satisfaire. Le Dominion du Canada par conséquent doit fournir ces céréales et il nous faut piocher, que nous le voulions ou non.

Certains gens se plaignent de l'invasion du Canada par le capital américain, mais l'argent n'a pas de nationalité. Même s'il en avait une, puisqu'il développe notre pays et procure de l'ouvrage, nous devons l'accueillir avec joie."

Je crois qu'on peut dire que les événements ont prouvé et prouvent qu'il s'est trompé.

Messieurs, il est naturel que le Président du plus grand réseau de voies ferrées du monde verse dans l'optimisme. Les événements subséquents ont prouvé et prouvent encore qu'il fut victime de notre émancipation politique. Il s'est trompé quoiqu'il fût un ingénieur civil éminent; sinon vous ne siégeriez probablement pas dans cette enceinte et un autre ingénieur, votre serviteur, qui a étudié ce problème depuis au-delà de quarante-cinq ans au Canada, ne serait pas devant vous.

Sir Henry Thornton, ingénieur, n'est pas le seul



à avoir stimulé le succès financier et économique de nos voies de transport au Canada. Le public, le Parlement, nos députés et nos gouvernements espèrent encore en "l'essai loyal" prôné avec tant d'optimisme par le premier président Sir Henry Thornton. Nous pouvons pardonner aux personnes d'avoir été trompés dans leur confiance puisqu'ils ne sont pas du métier.

Beaucoup d'ingénieurs, comme beaucoup d'économistes se sont trompés au sujet de la production et de sa distribution par voies rapides au Canada, afin d'atteindre le plus économiquement possible, le consommateur local et étranger.

Un autre ingénieur, feu Sir William F. Tye, ingénieur en chef de la compagnie du Pacifique Canadien, le plus puissant organisme responsable au Canada des dettes des autres réseaux, fut le père et l'instigateur de l'amalgamation des réseaux nationaux.

Dans un rapport très élaboré en 1917, que j'ai devant moi, il se propose de les placer sous la garantie de l'Etat en une entité consolidée. L'Etat, c'est vous, c'est moi, c'est nous, et nous avons donc notre mot à dire dans ce problème en temps de paix.

Sir William Tye prêna dans son exposé en 1917 devant le Canadian Society of Civil Engineers, aujourd'hui "Engineering Institute of Canada" que l'entité consolidée des réseaux non mis en faillite et mis sous la garantie de l'Etat rencontrerait les deux buts en peu de temps. L'amalgamation, disait-il: "Will give a surplus of five millions in the first year of exploitation and a surplus of seven millions in the fifth year and so on."



Il n'était pas d'opinion comme Sir Henry Thornton plus tard, que nos chemins de fer souffraient d'indigestion de trop de voies ferrées <sup>pour</sup> la population, que si le pays avait une population de vingt-cinq millions, il n'y aurait pas eu de problème de chemins de fer au Canada. Malgré tout, Sir William F. Tye opina pour un franc succès économique dès la quatrième année.

Pourquoi était-il si optimiste? C'est que la production du Canada devait passer par les chemins de fer tandis que réellement il y en a un tiers qui n'y passe pas, mais, il ne se serait pas trompé s'il avait amené la pleine production de l'ouest canadien.

Aucun ingénieur de la Canadian Society of Civil Engineers s'inscrivit en doute sur l'avancé optimiste de Sir William F. Tye, à l'exception d'un seul, votre humble serviteur, pour la raison que Sir William F. Tye n'avait pas tenu compte de la perte possible des deux tiers de la puissance de production du Canada.

Je fis alors l'histoire plutôt technique de nos chemins de fer au Canada, afin d'exposer toutes les erreurs accumulées dans la construction des chemins de fer du Canada par le passé. Malheureusement mes moyens personnels ne me permirent pas de la publier.

Sir William F. Tye s'est donc trompé dans ses prévisions. Les autres ingénieurs aussi se sont trompés par omission ou par manque de connaissance et d'expérience sur ce sujet. Le seul essai loyal n'a été favorable que pendant la guerre récente; tous en conviendront, c'est l'évidence même.





On conviendra, pour être de bon compte, que c'est toujours le trésor national qui est appelé à payer la majeure partie des intérêts annuels de la dette due au public, les intérêts des obligations à terme ou perpétuelles; c'est l'échiquier national qui dans tous les cas, trinque chaque année.

Depuis 1921, le paiement de ces intérêts échus et non gagnés par le réseau National au lieu d'être chargé sur le revenu courant est inscrit au compte du capital avec le résultat qu'avec cette dette nationale déjà si lourde, le Canada traîne un formidable boulet, rendant tout amortissement impossible. Cette dette est maintenant de l'ordre de deux milliardset demi de dollars lorsqu'elle était d'un milliard et quart.

Je pourrai, si vous m'en fournissez l'occasion, avec rénuméré de comptables licenciés, faire certaines recommandations relativement à l'intérêt simple et à l'intérêt composé de la dette initiale des réseaux. C'est un travail délicat et dangoreux à la fois.

Je passe ici sous silence une autre partie de mon rapport. Vous en avez d'ailleurs, on me dit, déjà pris connaissance.

Les précautions oratoires prises par votre serviteur ne démontrent-elles pas que la clef de la situation financière de nos réseaux en est une, économique. Notre émanicipation politique qui a eu ses bons côtés et ses faiblesses depuis 1760 et particulièrement depuis 1867 a atteint sa maturité comme un fruit trop mûr et est en train de nous conduire à une inévitable catastrophe.

La solution du problème doit donc provenir de notre émanicipation économique, c'est-à-dire, à la con-



currence internationale. Nos historiens, nos journalistes, nos hommes politiques savent ce qu'est l'émancipation politique.

Les faits et les démonstrations qui vont suivre vous en fourniront toute l'éloquence. L'émancipation économique ne consiste pas dans une proposition abstraite, comme celle d'enterrer la dette, quand le public doit continuer de payer l'intérêt simple ou composé de cette dette.

Ce serait donner une fausse manière de régler la situation étendue de nos chemins de fer, quel que soit le vieux baguain dans lequel on transférerait les chiffres d'une dette capitale supposée perdue ou annulée.

Maintenant, en admettant que le Bureau des Directeurs du C. N. R. seul juge, indépendant de toute ingérence des membres du parlement, ce bureau, dis-je, demeure encore soumis, si je ne m'abuse à l'autorité supérieure qui l'a nommé, laquelle dans l'occurrence est représentée par les placeurs de capitaux, la haute finance nationale et internationale.

Probablement, bien d'autres ingénieurs en chef et d'expérience en chemins de fer, peuvent concourir dans le même sens que l'ingénieur qui vous parle; ils n'osent pas, car ils risquent d'être démis immédiatement de leurs fonctions.

Aussi, comme je vous l'ai dit, il faut pour ces ingénieurs de se taire. Les administrateurs de nos deux compagnies canadiennes sont aussi dans le même cas. Ils doivent prendre en premier lieu l'intérêt de ceux qui y ont placé leur argent, ou l'argent des autres.



Ils doivent les faire fructifier par des taux adéquats, afin d'obtenir des profits raisonnables aux colons et aux étrangers.

Notre Commission de chemins de fer en sait quelque chose, et vous avez dû le constater vous-mêmes, de par les différentes séances que vous avez tenues à travers le Canada.

Je tiens avant d'entrer dans le vif de mes recommandations à bien comprendre vos attributions, tout en laissant à d'autres les attributions qui ne peuvent être liées avec mes recommandations.

Si j'ai bien compris, monsieur le président, messieurs les commissaires, l'ordre en Conseil expliqué par monsieur le président lors de l'ouverture de la première session à Ottawa, il se résumait ainsi: Le Gouvernement demande à la Commission de faire des recommandations pour soulager les régions affectées par les difficultés de transport et certaines maladies dans la structure des taux où cela peut être évité. Mais, la Commission n'est pas autorisée de remplir aucune fonction des commissaires du Bureau des Transports, corps qui régularise les taux de chemins de fer.

Elle n'est pas un tribunal d'appel appointé pour donner des soulagements de sa propre initiative dans des cas particuliers.

Elle n'a pas le rôle d'établir ou de changer les taux de fret maintenant en force dans le pays. Sur ce terrain, les recommandations sur les taux seront plutôt vagues et en termes généraux. L'égalsation des taux devrait ou pourrait être laissée à la Commission de Transports. L'ordre en Conseil donnerait les attributions suivantes, si j'ai bien compris:





10. Une idée générale sur la législation des chemins de fer en vue d'une révision.

20. La question d'ajuster la structure, la capitalisation élevée du C.N.R. afin de l'amener en ligne avec un financement normal des chemins de fer.

30. Des méthodes de comptabilité standard, étalon, et aussi la question de savoir si les revenus d'autres sources que ceux provenant des voies ferrées devraient être considérées pour fixer les taux de fret.

40. Une investigation afin de reconnaître si le Pacifique Canadien et le Canadian National ont rempli les conditions du statut de 1933 leur ordonnant d'effectuer des économies communes.

Je vous ai dit tout à l'heure quelques mots au sujet des résultats minimes.

50. En général, une supervision visant à recommander des mesures relatives à une politique nationale de transport pour mieux servir le bien-être économique de tout le Canada.

C'est sur cet article que repose la plus grande partie de mes recommandations.

Jusqu'à date, votre investigation semble avoir été concentrée plus particulièrement sur les taux de fret que sur le problème des chemins de fer, si l'on en juge par les témoignages rendus dans les huit provinces excluant les provinces d'Ontario et de Québec.

On en a parlé dans Québec, ce matin.

Ces dernières provinces, dis-je, n'ont pas encore pris part à la bataille engagée sur les taux depuis environ deux ans et demi devant le Bureau de la



Commission des chemins de fer par les sept provinces et les compagnies de chemin de fer.

D'après la loi, le but de la Commission des Transports était de soustraire du domaine de la controverse politique tout le problème de la réglementation des tarifs de transport en 1903, et il en est encore ainsi.

Le Gouvernement en vous nommant n'a certainement pas eu l'intention de porter atteinte à cet état de chose.

Je profite donc de la présente investigation offerte au public payeur de taux et de taxes pour présenter des mesures rémédiatrices qui peuvent être dans les attributions de la présente Commission Royale, plutôt que dans celles de la Commission des Transports.

Au Canada, les chemins de fer sont plus nécessaires en temps de guerre qu'en temps de paix et doivent être entretenus avec des revenus suffisants. Ils ont droit à un tarif adéquat et à un bénéfice raisonnable. Les Provinces Maritimes et de l'ouest se plaignent de la majoration des taux qui laissent indifférentes les provinces du centre, Ontario et Québec.

La concurrence entre les deux chemins de fer aurait beaucoup diminué depuis l'application et la coopération.

Comme je le disais, tout à l'heure, la concurrence et la coopération ne peuvent faire bon ménage; aussi



les résultats ont été absolument minimales.

Il en fut de même par l'ablation de lignes de pénétration ou parallèles.

Toutefois, la coopération a ouvert la porte au cartel de tous les transports au Canada sous le patronage du gouvernement. Un cartel au point de vue du coût de la vie peut être bon, mais devenir mauvais tout comme le trust d'ailleurs.

Tous les trusts peuvent être bons ou mauvais et je n'entrerais pas sur ce terrain-là; je sais que les chemins de fer peuvent se défendre.

La concurrence a changé de champ d'action, vu que les chemins de fer ont à faire face à la concurrence des transports routiers et aériens dans lesquels ils cherchent à s'y intéresser autant que faire se peut. Ces genres de transports plus flexibles reçoivent indirectement des subsides ou des facilités des gouvernements.

La concurrence est un principe élémentaire de l'économie politique et son efficacité doit provenir de son application non seulement entre les voies canadiennes, mais entre les voies canadiennes et américaines. Charité bien ordonnée commence chez soi. Cet axiome est la base de notre émancipation économique au Canada.

Les villes de Toronto et de Québec ne sont pas localisées géographiquement pour offrir des facilités économiques de transport de chemin de fer pendant douze mois. Il faut se chasser de l'idée que l'exécution





du canal de la Baie Georgienne et celui du St-Laurent fonctionner. Durant six mois feront du tort à nos chemins de fer fonctionnant durant douze mois. Je mets devant vous une étude plus détaillée à ce sujet. Permettez que j'énonce les différents principes de notre émancipation économique, principes que je considère évidents et nécessaires aujourd'hui.

La monnaie est le sang de la vie d'une nation, la main mise sur l'existence matérielle. Il faut l'accroître sans tomber dans le luxe coupable suivant le coup de la vie, pour des raisons que je n'ai pas à discuter ici. Ce principe s'applique autant sinon plus à la masse du peuple qui est la majorité qu'aux administrateurs des chemins de fer qui sont de la minorité par effectif, outre mesure par le coût de la vie.

Un deuxième principe à maintenir est que la concurrence est la vie du commerce. Un troisième nous enseigne que la valeur d'un chemin de fer est dans le trafic.

C'est pourquoi il faut donner à nos chemins de fer tout le trafic au moins national, auquel ils ont droit dans toutes les provinces du Canada. Ce trafic provient surtout de l'exploitation du sol par l'énergie et le travail de ses propres citoyens dans chaque province. C'est par cette énergie que nous obtiendrons, à mon sens, le maximum d'espoir dans notre émancipation économique. C'est la logique même.

Nous allons analyser et vérifier ensemble avec des chiffres et des témoignages officiels la véracité



de mes dires.

Autrement dit, quand nos chemins de fer sont \$33,000,000. ou plus en déficit, il leur faut un revenu net additionnel provenant de l'augmentation du trafic fourni par notre propre production canadienne.

Je ne saurais trop le répéter, dans l'essai loyal, les principes énoncés plus haut ont été ignorés ou mis de côté.

Des cinq clauses de vos attributions, je ne m'attarderai qu'à la deuxième clause, si le Gouvernement m'offre toute la latitude voulue par un ordre en Conseil et qu'à la cinquième clause, visant à recommander des mesures relatives à une politique nationale de transport pour mieux servir le bien-être économique de tout le Canada.

En résumé, les provinces de l'Ouest et de l'est vous demandent de diminuer les taux. Vu que cette recommandation est du ressort de la Commission des chemins de fer, ces demandes seraient donc hors d'ordre. Il en est de même des associations qui suggèrent l'uniformité des taux laquelle, dans mon opinion, serait tout-à-fait la plus plausible.

Quant aux directeurs des deux compagnies de chemin de fer, ils ne cessent et avec raison, de réclamer l'augmentation des taux. Les unions ouvrières de leur côté menacent les directeurs de représailles et de grève avec l'augmentation des taux.

Je vous le demande, Messieurs, est-ce que ce cercle vicieux est dans vos attributions et peut



même aider à la solution du problème angoissant de nos voies de transport? Il est évident que non.

Je répondrai à une objection maintenue par un représentant de l'île du Prince-Edouard, à propos de fusion des chemins de fer.

Une autre mesure plus théorique que pratique au Canada est la fusion des deux chemins de fer prônée en haut lieu à maintes reprises comme planche de salut. Théoriquement, la fusion semble une panacée favorable, quelque soit le genre d'administration surtout quand nous savons qu'une de nos deux compagnies est à la charge du public, sinon, en banqueroute. Mais la fusion dans les autres pays d'Europe n'est pas un exemple salutaire et une garantie pour l'avenir.

Au Canada, plus qu'ailleurs, c'est un obstacle à notre émancipation économique.

La main d'œuvre unie sous une même autorité sociale et étrangère nous mettra à la merci de chefs énergumènes dont les tendances sont loin d'être à notre goût et de nos habitudes canadiennes.

Nous aurons un état dans un état et nos gouvernements seront à la merci de ces mêmes énergumènes.

Maintenant donc le vieux principe: diviser pour régner afin de nous épargner ces maux irréparables en évitant les occasions de contact du pot de terre avec le pot de fer. La fusion n'est donc pas le véritable moyen de solutionner le problème des déficits, mais plutôt le moyen de l'accentuer. Elle n'ajoutera pas une seule livre de plus au trafic, un seul dollar de plus au revenu.





Cherchons donc ailleurs un autre remède.

Je ne cesserais de vous le répéter, c'est dans le trafic que se fait les chemins de fer. C'est dans le trafic qu'est la vie d'un chemin de fer.

Messieurs, nous sommes en face de faits accomplis et je n'ai retarderai pas en critiques vaines sur les erreurs du passé dans la construction de nos voies ferrées.

L'ingénieur qui s'intéresse aux questions économiques de chemins de fer, et ils sont assez rares aujourd'hui, vu que l'époque des vies d'envergure est virtuellement terminée au Canada, doit avoir recours aux auteurs du passé, auteurs reconnus.

En Amérique, le plus apprécié est bien Arthur Mollen Wellington, membre de la Société Américaine des Ingénieurs Civils, dans son traité: "The Economic Theory of the Location of Railways."

Il y a un principe de trafic basé sur l'expérience et énoncé par A. M. Wellington, qui se lit ainsi: "Un accroissement de 10% de revenus est équivalent à 15% entravé par des dépenses d'opération", c'est-à-dire, dans le rapport de deux à trois.

Autrement dit, d'une manière générale, si nous augmentons le revenu de nos chemins de fer canadiens de 66% de trafic d'une certaine production visible, par conséquent, cela veut dire une diminution de 100% des dépenses d'opération provenant de ce trafic.

Je mets donc devant vous ce facteur important



pour obtenir la solution du problème que tous désirent sans toutefois ignorer le côté social.

Où allons-nous prendre le revenu supplémentaire de 66% et par quel artifice ou par quel instrument allons-nous le retenir au bénéfice du public du Canada? Feu Lambert Payne, ancien comptable en chef du bureau des statistiques à Ottawa nous donne la clef du mystère.

Dans les études, les compilations et les rapports qu'il fit sur le problème financier et économique de nos voies ferrées, il affirme que 66% de la production de l'ouest canadien passe en automne par les réseaux américains et plus de 50% pendant toute l'année.

Or la puissance de production en grain des parties de l'ouest canadien, des prairies de l'ouest canadien d'après les statistiques fédérales a atteint 1,300,000 boisseaux. Les 66% de cette production représentent environ 900 millions de boisseaux et plus.

Admettons pour les fins de la démonstration une possibilité exigible de six sous du boisseau pour le transport et six sous du boisseau pour l'entreposage à Montréal, nous aurions un revenu de \$108,000,000.00 équivalent à \$130,000,000. applicables annuellement aux recettes brutes.

Remarquez bien que je ne prétends pas que ce sera absolument et toujours \$130,000,000.

Même en réduisant ce montant de 50% ou de 75% nous aurons ainsi un instrument suffisant pour annuler les déficits actuels et amortir la dette sur une base de six centins du boisseau quand les chemins de fer



américains chargent neuf à quatorze centins du boisseau. Le réceptacle de l'offre et de la demande accessibles à la mer et à tous nos chemins de fer pendant douze mois devraient comprendre un entreposage d'au moins cent cinquante millions de boisseaux, à Montréal, avec des approches souterraines.

L'entreposage du port de Montréal n'est que de quinze millions de boisseaux et ne fonctionne que pendant cinq à six mois par année.

Je crois que je n'ai pas le temps d'entrer dans bien des détails afin d'infuser l'esprit du rapport. Je vais me borner immédiatement à l'exposé de recommandations qui sont peu nombreuses quoique j'en aurais beaucoup d'autres.

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PAR M. DESMARAIS:-

Monsieur Ouimet, je crois bien que vos principales recommandations pourraient se résumer comme ceci: Il faudrait faire de Montréal le centre stratégique de l'Amérique du Nord; il serait nécessaire de construire des entrepôts de cent cinquante millions de boisseaux, ce qui d'après les renseignements que vous avez donnés pourrait être fait dans une période <sup>DE</sup> trois ans au coût de 60,000,000. de dollars et cette réalisation du projet en question aurait pour objet d'augmenter le trafic ferroviaire. Vous suggérez aussi le refinancement des dettes des chemins de fer de façon à réduire les charges et que le gouvernement devrait prêter son appui. Je





on dit que ce sont là vos principales recommandations.

PAR MR. O'DONNELL, C.R.:

Nous aurons tout-à-fait des représentations à faire quant aux propositions soumises. Pour le moment nous n'avons rien à soulever.

(La séance est ajournée à deux heures et demie.)

(Page 5600 follows)



The following is a translation of evidence of Mr. Seraphin Ouimet, pages 5571-5594, Montreal, August 2, 1949:

MR. DESMARAIS: Mr. Chairman, the next item on the agenda is the report of Mr. Seraphin Ouimet. I would therefore ask Mr. Ouimet to present his report to us.

Report of  
Mr. Seraphin Ouimet,  
Civil Engineer and land-surveyor,  
Province of Quebec.

MR. DESMARAIS: Now, Mr. Ouimet, Mr. Chairman and the Commissioners have had the opportunity of examining your report as well as additional explanations that you have conveyed to me as attorney for the Commission. I am sure that these gentlemen have well understood your report and I note by the agenda as prepared, that you have forty-five minutes at your disposal before the meeting is adjourned. I therefore suggest that you make use of this time as you may think advisable. I therefore leave you free to proceed as you think fit.

MR. OUIMET: Mr. Chairman and members of the Commission: I will probably place before you a matter which, until this morning, has not been brought before you during all the meetings you have had the honour to hold in the various parts of Canada.

In order that I might not become confused you will allow me to read the report, at least certain principal points which I wish to place before you. You might have read the report and you may have formed a certain opinion, but as I was not present, it might be well for the matter to be cleared up.

Therefore, Mr. Chairman, members of the Royal Railway Commission, Gentlemen:

In January, 1932, your servant, as representative of the public, had the opportunity of appearing before and



of submitting representations to the Royal Commission presided over by the Right Honourable L. P. Duff of the Supreme Court of Canada.

In addition to several recommendations similar to those presented by many public bodies, such as co-operation, the removal of branches showing a deficit, the elimination of parallelism, the amalgamation and nationalization, as well as several others, your servant had also and particularly recommended three factors as being absolutely necessary for the solution of the railway problem in Canada.

1. The connecting of the Canadian Metropolis with the Transcontinental Railway, according to the Federal Statute, granting subsidies to a private company which would take charge of the undertaking. This act which is still contained in the Federal Statute was passed by the Government presided over by Sir Wilfrid Laurier and at his instigation.

2. The construction of warehouses, elevators with underground approaches having a capacity of at least 150 million bushels, at Montreal, sole and only Canadian strategic and economic centre of distribution during twelve months in the year to all the Canadian and American ports on the Atlantic.

3. Re-financing was also of first importance.

But, in all these suggestions, it is also important to take into account the social aspect, especially as regards the increase of rates corresponding to the increase of salaries. I pass over certain parts of my report for you have read the report in question, however, I deem it my duty to make certain preliminary observations





concerning the different measures to be applied for the solution of our railway problem in Canada and more particularly of the Canadian National Railway.

By its amalgamation in 1923, this company became a public enterprise the production activity of which is administered on an autonomous basis with a view to a return on the trading capital. This production organization would be a "capitalist administration" which must be submitted to liberty of competition, if we mean to protect the Canadian public.

Unfortunately, our last enquiries, that of the Duff Royal Commission, that of the Senate and especially that of 1933 relative to our railway problems have recommended "co-operation" between the semi-private company and the so-called private company, the Canadian Pacific, but co-operation and competition do not get on together and this is why the results were very small.

We are faced with a situation where competition, which is of first importance, must exist, and we have competition between two railway companies, but I must add that there is also competition between the Canadian Railway Companies and the American Companies.

This situation has not yet been examined and I wish to place it before the present Commission.

Therefore, on account of the weakness in the "Capitalist Administration" of the production of revenues in the Canadian National Railway systems, it appears that this legally disguised authority, in a juridicial and administrative manner is abandoned and without our knowledge leads us into the "socialist unity of production" or simply "socialist" administration. These principles

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My dear Mr. [Name],

I have just received your letter of the 10th inst. and am glad to hear that you are well. I am also well and hope this letter finds you the same.

I have been thinking much lately of the future of our country and the progress of our civilization. It seems to me that we are passing through a great crisis, and that the result will determine whether we are to remain a united people or become a collection of warring states.

I believe that the only way to preserve our Union is by a firm adherence to the principles of liberty and justice for all. We must not allow ourselves to be divided by sectional interests or by the passions of the moment.

I am, Sir, very respectfully,  
Your obedient servant,  
[Signature]

which are of social order are still taught us in political economy. This is the second reason for my presence here.

It is true that the Canadian National Railway Company has also a disguise of "Co-operative Administration" that is to say, that if the gross surpluses after having made good certain fixed charges of temporary, permanent or perpetual obligations, there is enough or a little left to meet in full or in part the interests due the public. Unfortunately, the disguise of this co-operation, and we have had proof thereof, deserved its useful and complete existence only during the war.

Our semi-private company therefore met its expenses only during the war; but at what price imposed by other factors of the Canadian administration.

We are not to remain in a state of war all the time to attain a surplus.

It is true that our railway directors comfort the public by advocating the great importance of our railways in the development of the country, even if they destroy the secondary branches which show a deficit. This does not teach us anything new. Our Empire Builders in the past never had any other purpose but that of the development of Canada and perhaps the British Empire. They advanced the money issuing from the Canadian public or out of the reserve capital arising from foreign countries to bestow upon us three transcontinental railways instead of branching railways. Such railways would have been more useful to the development of the country in peace time than were trunks without branches during the war.





I now give you the third and main reason for my presence before you on behalf of the public, particularly of the Province of Quebec, if not of the Province of Ontario. These two provinces serve as an economical support for the eight other provinces of the Canadian Confederation. Moreover, gentlemen, you have no doubt noted that these two central provinces remained unconcerned from the beginning of your meetings at Ottawa as if they were charitable institutions forced to continue paying subsidies for the other provinces. It is time to curb such a measure of rather political aspect and of special and visionary favour.

My report states certain reasons explaining this and it is in the interest of all the provinces to face the situation.

In my report I stated: The debt ranging about  $2\frac{1}{2}$  thousand millions belongs to the Canadian National and that of about  $1\frac{1}{2}$  thousand million to the Canadian Pacific. It is to the interest of the Canadian Pacific Company that the Canadian National do not show a deficit, because it is the most important private corporation in Canada and consequently that which sustains the greatest part of the responsibility of the Canadian National deficits, after us, Canadian citizens.

Therefore it is also to the interest of that private corporation, if our recommendations make away with deficits. In the event that a more complete proof is desirable, I beg to ask you to do me the favour of returning to see you on a subsequent date, if I am given all the desired latitude by the Canadian Government by an adequate order in council.

The first part of the report deals with the general situation of the country. It is a very interesting and informative study of the country's development. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is easy to read. It is a valuable contribution to the study of the country's development.

The second part of the report deals with the economic situation of the country. It is a very interesting and informative study of the country's economic development. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is easy to read. It is a valuable contribution to the study of the country's economic development.

The third part of the report deals with the social situation of the country. It is a very interesting and informative study of the country's social development. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is easy to read. It is a valuable contribution to the study of the country's social development.

The fourth part of the report deals with the political situation of the country. It is a very interesting and informative study of the country's political development. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is easy to read. It is a valuable contribution to the study of the country's political development.

The fifth part of the report deals with the cultural situation of the country. It is a very interesting and informative study of the country's cultural development. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is easy to read. It is a valuable contribution to the study of the country's cultural development.

The sixth part of the report deals with the environmental situation of the country. It is a very interesting and informative study of the country's environmental development. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is easy to read. It is a valuable contribution to the study of the country's environmental development.

The seventh part of the report deals with the international situation of the country. It is a very interesting and informative study of the country's international development. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is easy to read. It is a valuable contribution to the study of the country's international development.

The eighth part of the report deals with the future of the country. It is a very interesting and informative study of the country's future development. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is easy to read. It is a valuable contribution to the study of the country's future development.

Going further into the general position of the country to discover the factors of the problem arising from our geographical position in North America, we see that our rather small population is distributed over a narrow strip from the Atlantic to the Pacific.

The eastern provinces are separated from the western provinces by the "Great Barrier Reef", the Laurentian Mountains. The western provinces are separated from the Pacific littoral provinces by another barrier: the Rocky Mountains.

Our neighbour to the south, the United States, having ports (open) the whole year round and made up of business men, built their first transcontinental railway with a population of forty millions and Canada with a population of four million only and so forth for the other two transcontinental railways.

There would be much to say on the doings of our "empire builders" of that era subject to our political emancipation, without regard to our economic emancipation.

I will spare you this, but it is well to recall these facts in order to ascertain some of their unfortunate causes and which are presumed of our railway problems.

Such railway lines may be compared to steel bands which as a matter of fact connect economically the provinces together. It may be supposed that those routes paid by the Canadian public were also an international link in the British Empire. Without such lines, there would not have been any British North America Act.

It is natural and logical for the Western provinces and the Maritime provinces and now the tenth province Newfoundland to bind their trade and future to their





populous sisters, the richest in the centre of the country, Ontario and Quebec.

It is natural and logical that in order to reach their aim, they require the reduction of the rates or the uniformity of the rates without taking into account the results on the total debt of our railways of our three transcontinental railways. These three transcontinental railways were built for a first class line and are still meeting the requirements and necessities of a second class service mostly local.

Such a policy of lack of equilibrium must be changed and our transcontinental railways must be given a first class traffic. The two provinces of Upper and Lower Canada, which in peace time bend under the charges imposed by the construction of means of communication between the provinces, railway lines which can meet expenses only during wartime, must wisely make it a national duty to change such a policy that is rather disastrous to all the provinces.

If they want uniformity of rates, the best strategic centre of distribution must be equipped to meet during twelve months the offer and demand, such as in the heart in the human body.

Canada has railways as arteries, it requires branches -- to combine branches to feed the arteries, it requires nervous centres, as means to feed the veins, unfortunately it has no heart; this is what I am driving at.

All the modern lines lead to the sea as all the roads lead to Rome. This is why it is evident that the most strategic point of our country must have access to the sea three hundred and sixty-five days a year, instead

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[illegible]

of being unoccupied and idle during five or six months a year.

Sir Henry Thornton, who was in charge of the amalgamation of the railways presumed to be bankrupt-- and which were not adjudged bankrupt with a charitable intention towards the shareholder more than towards the Canadian citizen -- said when he was in Paris on the 25th November, 1925:

"Canada is on the threshold of prosperity. The causes for this prosperity are purely economic. Our very comfortable way of living since the war of 1914 has created a great demand for cereals which the United States and the other large producing countries could no longer meet. The Dominion of Canada consequently supply these cereals and we must work hard, whether we want to or not.

Certain people complain that Canada is invaded by American capital, but money has no nationality. Even if it had, since it develops our country and procures work, we must accept it heartily."

I think that it might be said that the events had proven and prove that he was mistaken.

Gentlemen, it is natural for the president of the largest railway system of the world to be optimistic. Subsequent events have proven and still prove that he was the victim of our political emancipation. He was mistaken although he was an eminent civil engineer; otherwise you would probably not be sitting in this hall and another engineer, your servant, who has studied this problem during more than forty-five years in Canada, would not be before you.

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Sir Henry Thornton, engineer, is not the only one to wish for the financial and economic success of our transportation lines in Canada. The public, the layman, our members of parliament and our governments still have hope in the "fair trial" praised with such optimism by the first president Sir Henry Thornton. We can excuse the laymen for having been misled in their belief since they do not belong to the trade.

Many engineers, as well as many economists have made mistakes with regard to production and its distribution by rapid means of transportation in Canada, in order to reach the local and foreign consumer at the lowest expense possible.

Another engineer, the late Sir William F. Tye, chief engineer of the Canadian Pacific Railway Company, the most important company in Canada responsible for the debts of the other systems, was the father and instigator of the amalgamation of the National networks.

In a detailed report, prepared in 1917, which I have before me, he proposed to join them into a consolidated entity under the guarantee of the state. You are the state, I am the state, and we have therefore something to say with regard to this problem in peace time.

Sir William Tye, in the statement he made in 1917 before the Canadian Society of Civil Engineers, now known as the Engineering Institute of Canada, that the consolidated entity of the systems not adjudged as bankrupt and placed under the guarantee of the State would meet both ends in a short time. The amalgamation, he said, "Will give a surplus of five millions in the





fourth year of exploitation and a surplus of seven millions in the fifth year and so on."

He was not of the opinion, as Sir Henry Thornton later was, that the railways suffered from too many railway lines considering the population, that if the country had a population of twenty-five million, there would not have been any railway problem in Canada. In spite of all, Sir William F. Tye was of the opinion that a clear economic success would be achieved in the fourth year.

Why was he so optimistic? Because Canadian production was supposed to be handled through the railways while really one-third is not, but, he would not have been mistaken if he had caused the whole production of Western Canada to be handled through the railways.

No engineer of the Canadian Society of Civil Engineers expressed any doubt on the optimistic statement of Sir William F. Tye, with the exception of one, your humble servant, for the reason that Sir William F. Tye had not taken into account the possible loss of two-thirds of the production power of Canada.

I then made a rather technical account of our railways in Canada, in order to make known all the errors accumulated in the construction of the Canadian railways in the past. Unfortunately my personal means did not permit me to publish it.

Sir William F. Tye therefore made an error in his provisions. The other engineers were also mistaken either by omission or by lack of knowledge and experience in the matter. The only fair trial was favourable only during the recent war: all will agree to this, it is very evident.



It will be agreed, in all fairness, that the national treasury is always called upon to pay the greater part of the annual interests on the debt due the public, the interests on deferred or perpetual bonds; in every case the national exchequer gets the worst of it every year.

Since 1921, the payment of the interests due and not earned by the National network instead of being charged to the current revenue is charged to the capital account with the result that with a national debt already so heavy, Canada carries a formidable weight, making all redemption impossible. This debt is now  $2\frac{1}{2}$  thousand million dollars of thereabouts, when it was  $1\frac{1}{4}$  million.

If you give me the opportunity, I can, with the assistance of chartered accountants, make certain recommendations relative to the simple and compound interest of the initial debt of the networks. This work is both delicate and dangerous.

I pass over/<sup>to</sup>another part of my report. I am told that you have previously taken cognizance of it.

It is not shown by the oratorical precautions taken by your servant that the key to the financial situation of our networks is one of economic nature. Our political emancipation which had its good sides and its weaknesses since 1760 and particularly since 1867 has come to maturity like an over ripe fruit and is leading us to an inevitable catastrophe.

The solution of the problem must therefore arise from our economic emancipation, that is to say, international competition. Our historians, our journalists, our political men know what political emancipation is.

1891

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The following facts and demonstrations will fully convince you. The economic emancipation does not consist in an abstract proposition, as the burying of the debt, when the public must continue to pay the simple or compound interest on this debt.

This would indicate a false manner of settling the present situation of our railways, whatever may be the old book in which would be transferred the figures of an essential debt supposed to be lost or annulled.

Now, admitting that the Board of Directors of the C.N.R. sole judge, independent of all interference by members of parliament, this board still remains subject if I am not mistaken, to the superior authority who appointed it, who in the circumstances is represented by the investors of capitals, the high national and international finance.

Probably many other chief engineers and engineers of experience in railway matters can concur in the same sense as the engineer who is speaking to you; they do not venture to do so, for they risk being immediately dismissed from duty.

So, as I have said, such engineers are forced to keep silent. The presidents of our two Canadian companies are also in the same position. They must first take the interest of those who have placed their money or that of others in the said companies.

They must make them bear good results by adequate rates, in order to obtain for the local and foreign shareholders reasonable profits.

Our railway Commission knows something about it, and



you must have noted it yourselves, by the various meetings you have held across Canada.

I wish before coming to the heart of my recommendations to understand your terms of reference well, while leaving to others the terms of reference which cannot be connected with my recommendations.

If I have not misunderstood, Mr. Chairman, members of the Commission, the order in council explained by the Chairman at the opening of the first meeting in Ottawa, was summed up as follows: The Government asks the Commission to make recommendations in order to relieve the regions affected by transportation difficulties and certain anomalies in the structure of the rates, where it can be avoided. But the Commission is not authorized to fill any of the duties of the Board of Transport Commissioners, a body which regulated the railway rates.

It is not a court of appeal appointed to bring of its own initiative relief in some particular cases.

Its duty is not to establish or change the freight rates now in force in the country. On this ground, the recommendations on rates will be rather vague and in general terms. The adjusting of the rates should or could be left to the Transport Commissioners. The order in council would give the following terms of reference, if I have not misunderstood:

1. A general idea on railway legislation in view of a revision.

2. The matter of adjusting the structure, the high capitalization of the C.N.R. in order to bring it in line with a normal financing of the railways,

3. Standard accounting methods, and also the matter of knowing revenues deriving from other sources than those





arising from railway lines should be considered to fix freight rates.

4. An investigation in order to ascertain if the Canadian Pacific and the Canadian National have filled the conditions of the Statute of 1933 ordering them to effect common economy.

I previously said a few words to you with regard to the very small results.

5. In general, a supervision tending to recommend measures relative to a national transportation policy in order to better serve the economic welfare of Canada.

The greater part of my recommendations rest on this article.

To date, your investigation seems to have been concentrated more particularly on freight rates rather than on the railway problem, judging by the evidence given in the eight provinces excluding the provinces of Ontario and Quebec.

It was spoken of in Quebec, this morning.

These last provinces have not yet taken part in the battle engaged on rates since about  $2\frac{1}{2}$  years before the Board of Transport Commissioners by the seven provinces and the railway companies.

According to the law, the purpose of the Commission on Transportation was to withdraw from the field of political controversy the whole problem of ruling of the transportation tariffs in 1903, and it is yet so.

The government on appointing you certainly did not intend to interfere with this state of things.

I therefore avail myself of the present investigation offered to the public paying rates and taxes to offer remedying measures which can come within the field of the



terms of reference of the present Royal Commission, rather than that of the Railway Commissioners.

In Canada, railways are more necessary in wartime than in peacetime and must be maintained with sufficient revenue. They are entitled to an adequate tariff and to a reasonable profit. The Maritime provinces and the Western provinces complain about the increase of rates which leaves the Central provinces, Ontario and Quebec, unconcerned.

Competition between the two railways is said to have decreased considerably since the application of co-operation.

As I said previously, competition and co-operation cannot agree; therefore the results were very small.

The same occurred by the removal of branch or parallel lines.

However, cooperation opened the way to the cartel of all transportation in Canada under the patronage of the government. A cartel in respect of the cost of living might be good, but it might become wrong just like the trust.

All trusts can be good or bad and I will not venture on this ground; I know that the railways can defend themselves.

Competition changed its field of action, as railways have to face competition with road and air transportation in which they endeavour to be interested as much as possible. These more pliable types of transportation receive, indirectly, subsidies or facilities from the governments.

Competition is an elementary principle of political economy and its effectiveness must arise from its application not only between Canadian lines, but between Canadian and





American lines. Charity begins at home. Our economic emancipation in Canada is based on this axiom.

The cities of Toronto and Quebec are not geographically located to offer economical railway transportation facilities, the whole year round. We must dismiss from our mind that the Georgian Bay Canal and St. Lawrence Canal projects in operation during six months will be injurious to our railways in operation during twelve months. I submit to you a more detailed report in this regard. Allow me to state the various principles of our economic emancipation, which principles I consider today evident and necessary.

Finance is the life blood of a nation, the control of physical life. It must be increased without falling into extravagant luxury according to the cost of living, for reasons that I do not have to discuss here. This principle applies as much if not more to the mass of the people who are the majority rather than to the railway directors who are in the minority and are not over-affected by the cost of living.

A second principle to be maintained is that competition is the life of trade. A third one teaches us that the real life of a railway is in traffic.

Therefore we must give to our railways at least all the national traffic to which they are entitled in all the provinces of Canada. This traffic arises particularly from farming through the energy and work of its own citizens in each province. It is through this saving that we will obtain, in my opinion, the maximum of hope in our economic emancipation. This is logic itself.

We will analyze and verify together with figures and

The first part of the paper is devoted to a general discussion of the problem. It is shown that the problem is of great importance in the theory of the structure of the atom. The second part is devoted to a detailed analysis of the experimental results. It is shown that the results are in good agreement with the theoretical predictions. The third part is devoted to a discussion of the results and their implications. It is shown that the results are of great importance in the theory of the structure of the atom. The fourth part is devoted to a discussion of the results and their implications. It is shown that the results are of great importance in the theory of the structure of the atom. The fifth part is devoted to a discussion of the results and their implications. It is shown that the results are of great importance in the theory of the structure of the atom. The sixth part is devoted to a discussion of the results and their implications. It is shown that the results are of great importance in the theory of the structure of the atom. The seventh part is devoted to a discussion of the results and their implications. It is shown that the results are of great importance in the theory of the structure of the atom. The eighth part is devoted to a discussion of the results and their implications. It is shown that the results are of great importance in the theory of the structure of the atom. The ninth part is devoted to a discussion of the results and their implications. It is shown that the results are of great importance in the theory of the structure of the atom. The tenth part is devoted to a discussion of the results and their implications. It is shown that the results are of great importance in the theory of the structure of the atom.



official evidence the truth of my statements.

In other words, when our railways show a deficit of \$33,000,000. or more, they require an additional net revenue arising from the increase of traffic supplied by our own Canadian production.

I cannot repeat it enough, in the fair trial, the above-mentioned principles were ignored or placed aside.

Out of the five clauses of your terms of reference, I will lay stress only on the second clause, if the government offers me all the required latitude through an order in council, and on the fifth clause, aiming at recommending measures relative to a national policy of transportation to better serve the economic welfare of Canada.

Summing up, the western provinces and the eastern provinces ask you to reduce the rates. As this recommendation pertains to the Board of Railway Commissioners, such requests would therefore be out of order. The same applies to associations who suggest uniformity of rates which, in my opinion, would perhaps be the most plausible.

As regards the directors of the two railway companies, they are ever asking, and with reason, that rates be increased. Labour unions on their part threaten the directors with reprisals and strikes with the increase of rates.

I ask you gentlemen, is this vicious circle within your terms of reference and can it even help to solve the alarming problem of our transportation lines? Evidently not.

I will reply to an objection maintained by a representative of Prince Edward Island, with regard to the amalgamation of the railways.

Another measure more theoretical than practical in



Canada is the amalgamation of the two railways praised in high circles on several occasions as a sheet-anchor. Theoretically, the amalgamation seems a favourable panacea, whatever may be the type of administration particularly when we are aware that one of our two companies is at the charge of the public, if not in bankruptcy. But amalgamation in the other European countries is not a beneficent example and a guarantee for the future.

In Canada, more than elsewhere, it is an obstacle to our economic emancipation.

Labour joined under one social and foreign authority will place us at the mercy of energumen heads whose tendencies are far from being to our taste and according to our Canadian customs.

We will have a state within a state and our governments will be at the mercy of these same energumens.

And now the old principle: to divide in order to rule so as to spare us such irreparable wrongs by avoiding the occasions of contact between the earthen pot with the iron pot. Therefore the amalgamation is not the true means of solving the problem of deficits, but rather a means of increasing it. It will not add a single pound to traffic, a single dollar more to the revenue. Therefore let us look for a remedy elsewhere.

I will not cease to repeat it, railways are built with traffic. Traffic is the life of a railway.

Gentlemen, we are faced with accomplished facts and I will not dally over unnecessary criticism concerning the errors made in the past in the construction of our railway lines.

Engineers interested in the economic questions of the





railways, and they are rather scarce today, as the era of far-reaching lines has virtually ended in Canada, must have recourse to authors of the past, known authors.

In America, one who is most appreciated is Arthur Mellen Wellington, member of the American Society of Civil Engineers, in his treatise: "The Economic Theory of the location of Railways."

There is a principle in traffic based on experience and set forth by A.M.Wellington, which reads as follows:

"An increase of 10% in the revenues is equivalent to 15% removed from operation expenses" -- that is to say, in the proportion of two to three.

In other words, in a general way, if we increase the revenue of our Canadian railways by 66% of the traffic of a certain visible production, permanent and increasing, this would mean a reduction of 100% on the operation expenses arising out of this traffic.

I therefore lay this important factor before you in order to obtain the solution of the problem which is desired by every one without however ignoring the social side.

Where shall we get an additional revenue of 66% and by what manoeuvre shall we retain it for the profit of the Canadian public? The late Lambert Payne, former chief accountant of the Bureau of Statistics at Ottawa gives us the key to the mystery.

In the research, compilation and reports made by him on the financial and economical problem of our railway lines, he states that 66% of the production of Western Canada is transported in the fall over the American networks and more than 50% during the whole year.

The power of grain production in parts of Western

1950



Canada, of the prairies of Western Canada, according to federal statistics reached 1,300,000 bushels. 66% of this production represent about 900 million bushels and more.

Let us assume for demonstration purposes that it would be possible to charge six cents a bushel for transportation and six cents a bushel for warehousing in Montreal, we would obtain a revenue of \$108,000,000.00 equivalent to \$130,000,000. applicable annually to gross receipts.

Please note that I do not maintain that the amount will always be \$130,000,000.

Even by reducing the said amount by 50% or by 75% we would thus have a sufficient instrument to cancel the actual deficits and redeem the debt on a basis of six cents a bushel when American railways charge nine to fourteen cents a bushel. The warehouse accommodating supply and demand available to the sea and to all our railways during the year round should provide storage for at least 150 million bushels, at Montreal, with underground approaches.

Only 15 million bushels can be stored at the port of Montreal and the warehouse is in operation only during five or six months a year.

I do not think that I have time to go into many details to instill the spirit of the report. I will limit myself immediately to stating recommendations which are few in number although I would have many others to make.

MR.DESMARAIS: Mr.Ouimet, I believe that your main recommendations could be summed up as follows: We should make Montreal the strategic centre of North America; it would be necessary to build warehouses having a storage



capacity of 150 million bushels, which according to the information you have given us could be achieved within a period of three years at a cost of \$30,000,000 and the purpose of such a project would be to increase railway traffic. You also suggest the refinancing of the debts of the railways so as to reduce the expenses and that the government should lend its support. I think that these are your main recommendations.

MR. O'DONNELL: We might have representations to make with regard to the propositions submitted. For the time being we have nothing to discuss.

NOON ADJOURNMENT.

Evidence in English continued.

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Montreal, Quebec,

August 2, 1949

AFTERNOON SESSION

---The Commission resumed at 2.30 p.m.

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L. A. FORSYTH, K.C., recalled

EXAMINATION BY MR. COVERT (Cont'd)

THE CHAIRMAN: Very well, Mr. Covert.

MR. COVERT: Q. Now, Mr. Forsyth, would you be good enough to turn to page 7 of your brief?

A. Yes, sir.

Q. And in the second paragraph on page 7 you deal with Section 8 of the Maritime Freight Rates Act; and I suggest that the present Board of Transport Commissioners has the view that the horizontal increase on freight rates does not violate the prohibitions of Section 8. Presumably you say that because they granted this 21% increase on March 30, 1948?

A. Exactly.

Q. I take it from the next paragraph you say you are not concerned with whether or not their interpretation is correct. But the fact is that this horizontal increase, in your opinion, did prejudicially affect the position, and that something should be done about it?

A. That is right. In other words, if the Board of Transport Commissioners are correct in their view the horizontal increase does not violate the prohibitions of the Act then something ought to be done to change that view, and if they are wrong about that view, still something ought to be done about it.





Q. What you have in mind, I take it, is the preservation of any differential that now exists which was created by the Maritime Freight Rates Act?

A. In a general way, yes.

Q. Have you anything to add about that?

A. I would like to add this: some reference was made today to the judgment of the Board of Transport Commissioners in this recent freight rate case, and considerable stress was laid on the fact that there was no statement in the judgment to the effect that the Board felt themselves constrained by former policy to adhere to the horizontal increase. And I observe on page 46 of the judgment a comment on the straight percentage increase; and if I may, I would like to read it, the last paragraph on the page:

"On behalf of a number of the respondents in this case it is submitted that a straight percentage increase in freight rates would restrict the distance to which some goods could be marketed in competition with competitors located a shorter distance from the same markets. In the submission of the Vancouver Board of Trade it was alleged that a percentage increase in freight rates would reduce the Eastern distance to which British Columbia shippers sell and compete with Eastern Canadian shippers in the Prairie Provinces; in other words, it would result in rates from British Columbia in relation to those from Ontario and Quebec which would push backward (Westward) the markets which could be reached by British Columbia shippers and which are



essential to them. This general statement was not supported by any evidence with respect to actual traffic movements. To what extent shippers' markets would be actually restricted is, I think, unpredictable. There is nothing on the Board's records to show what the situation was with respect to that feature following the general increase in rates authorized in 1918 and 1920."

THE CHAIRMAN:Q.What page is that?

A. It is page 36. And then, on page 65 I read at the top of the page:

"Strong exception was taken by the respondents to the granting of a straight percentage increase in freight rates. But, as I view the matter, this is the only workable and practical method of dealing with the question in order to provide the additional revenue required by the railways.

"There were submissions that if increased rates were authorized there should be varying percentages of increase, the lowest percentage of increase being made on long hauls and the highest percentage of increase on short hauls; it was also suggested that maximum increases should be provided in order to avoid a very large increase upon relatively high rates from distant points of production to important markets. One difficulty with respect to the adoption of a varying or maximum increase is apparent, namely, the lack of reliable traffic statistics from which to determine the additional revenue which would accrue from flat or maximum increases on particular



commodities. Further there is not on the record anything to enable any determination concerning the commodities and sections of the country and even the individual rates which could best bear the burden of an increase."

And if you go on to another portion of this judgment, at page 51 and following --

MR. O'DONNELL: Q. Shouldn't we read the next paragraph before we do that?

A. I do not know, but I thought I was reading it.

Q. It is quite all right.

A. You see, when you read it this morning, you read just the first paragraph for reasons which, I have no doubt, were quite valid.

Q. We read it about eighteen times in the last eight weeks.

A. And you want me to pick up the torch and read it again? Very well, I will read it:

"While there are a number of individual cases where discrimination in rates is alleged to exist and it may be that some of these require special and separate consideration, on another occasion. But they do not seem to be so outstanding as to require separate treatment in a case of this nature. The Province of British Columbia proposes to make a substantive application to the Board for the removal of the "Mountain Differential" and the Province of Alberta has under consideration a similar application for like purpose, and to have removed discrimination which is alleged to result from transcontinental rates."





Q. It was only the first sentence.

A. We must see what he is talking about, so we must read the whole thing.

I say that in another place in this judgment, to which I shall refer, the Board discusses the question of the limitation of its jurisdiction. But there is no doubt about this, that its function is to determine reasonable rates, and I take it that these rates must be reasonable from the point of view of the railways as well as from the point of view of the shipper.

And it did seem to me that if the Board had before it a number of people whose views, at least, were entitled to consideration, including the railways, and there was some lack of material before the Board, then, if it had the power to get that material, it should have got it before it decided against the respondents.

On page 46 they say:

"This general statement was not supported by any evidence with respect to actual traffic movements."

I do not know what the technical requirements are of these applications, but it does seem to me that if the Board of Transport Commissioners has not the power to get before it traffic statistics which will enable it to consider questions of this kind, it ought to have it. And when you come along to page 65, you find again that the various propositions which were put up by the provinces which were opposed to this flat increase, were dismissed by the Board, simply on the ground that there was a difficulty, namely, the lack of reliable traffic statistics.



I do not know upon whom the burden of proof lay, but it seems to me that if the railways were before this Board asking for increased revenue and somebody said: You can get it, but you shouldn't get it by a horizontal increase; if the Board of Transport Commissioners<sup>thought</sup>/that some traffic statistics were necessary in order for them to determine whether, as a matter of fact, not merely as a matter of opinion, the only workable and practical method was the horizontal increase, then somebody should have been asked to produce those statistics and get them before the Board.

MR. COVERT: Q. Do you suggest it should be the railways in that case, because they are asking for it?

A. I suppose, ultimately, the railways are the people who would have to furnish it, because they are the only people who would have it.

Then I just want, in connection with that, to refer the Board -- I am not going to read all this -- but I want to refer this Commission -- I said to page 51, but I beg your pardon; I mean page 52 where, at the bottom of the page, there is a discussion of rates to assist to develop industry. I think if we go right over them we will find there are a great many judgments of the Board which are recited, but the one which, it seems to me, sums up what I would like to call to the attention of the Commission, is on page 54. It is a quotation from the judgment in the case of Canadian China Clay Company versus Grand Trunk, Canadian Pacific and Canadian Northern Cos. (1915) 18C.R.C. 347, at page 348; and it reads:



"In so far as these different considerations are concerned, the Board can give effect to none of them in connection with any rate question. It has been held time and again that rate-regulating commissions have no right whatever to attempt to equalize geographic, climatic, or economic conditions. They are concerned simply and wholly with the question of the reasonableness of the toll which the railway company is seeking to collect for the carriage of a given commodity, irrespective of how it is made, or whence it comes."

Now then, it appears evident that in the case of the Interstate Commerce Commission, it has the power to attempt to equalize certain economic conditions because, in connection with Ex Parte 162 application, from which I quoted, they did it, and they gave effect to the request of the railways that steel should be given certain treatment.

Q. I think, Mr. Forsyth, that they have the power. There is no question that they have the power to give specific increases and to deal with them. I think they did that in the Eastern Rates Case in 1916. But my understanding of this last case is that it was regarded as an urgent revenue case, and that the money was needed quickly.

Would it be a fair suggestion to carry out what seems to be your idea, that perhaps they could have granted, let us say, the 21% figure for a definite fixed time, until the railways should come in and say: Experience has shown us that such-and-such rates should be changed. Is that what you have in mind?





A. What I had in mind was, of course the railways must have revenue. We cannot expect them to operate without it; and what I had in mind was that rather than commit themselves to a policy of an increase that had certainly been disapproved by many authoritative bodies, it might have been better if they had adopted some temporary means such as you suggest, and ordered<sup>a</sup>/higher rate of increase than 21% for a definite limited period of time, and to say to the railways: You will be coming back to us at the end of that time with information.

For instance, these traffic statistics which, apparently, they never got, you will bring those back to us and we will see what the effect of a horizontal increase is going to be. Give us some statistics in which we can appreciate that situation.

Q. In connection with the last quotation which you read from the 30% case, the Canadian China Clay Company case, do you think the Board would have power to fix rates and attempt to equalize geographic, climatic or economic conditions?

A. That is a pretty tall order when you ask if they should have the power to equalize all these things. What I had in mind in reading that quotation was: that early in my brief I quoted from a reference made by the Duncan Commission to a railway president who thought that it was the function of his -- that it was his function to administer that system, to make a survey, and to determine certain things, some of which would arise out of geographic, climatic or economic conditions. He did not do that.

I have no positive evidence that that has been done, and it seems to me that it would be very advantageous



to the people affected by these rates, if somebody were given some power in that direction, and possibly if some obligation were imposed on someone to see that it was really done, because it would seem a better way than stating that somebody ought to do it.

Q. We have received, I think, similar suggestions; and it has been suggested that this would make an economic planning board out of the Board of Transport Commissioners.

A. I realize that there must be some limitation on these things because we only had one instance this morning to which the Chairman referred. But, obviously, certain inquiries would be never-ending. You could not possibly impose upon the Board of Transport Commissioners the duty of planning the economics of all industry in Canada. I agree with you.

But I do think that the Board of Transport Commissioners should have the power which would enable them to test the reasonableness of the results of their inquiries. And if the Board has those powers, I do not think they are exercising them.

Q. That is, if a rate did affect an industry by virtue of its position, its geographical position, then, perhaps, they should question that rate, or the method, or say to the railways: You must find some other method of increasing your rates, because you do affect this industry?

A. Yes. Possibly they would say: Apply this principle to the plans of the director of railway rates so that, on the whole, if in any particular item of business there would be not only reasonable compensation to



the railway companies for the carrying service which they render, but such reasonable compensation over-all, to permit of a certain amount of trade development. And when I say that, I do not think that necessarily means progressive trade development. But perhaps the difficulty arises from tying up all trade that has developed. I agree that you would have to have some limitation on it.

THE CHAIRMAN: Q. It seems to me that in your quotation from the President of the Canadian National Railways, this comes up: it is one thing for the railways to say: Here, we think there is a likelihood of industry coming out of this area, and, in the long run, if that industry develops the railway will make money out of it. The railway itself comes to that conclusion. Therefore we will give them special rates to build up that industry, hoping that we, ourselves, will benefit from it.

That is one thing, to have the railway Commission say to the railways: You must give lower rates in the region, because we think that thereby industry will be built up as development takes place?

A. I agree.

Q. So the Board has, as you say, withheld -- if they have such power, they have not exercised it. So it is a big question which we are to consider, and we should make some recommendation as to whether the Board should be put into that view of suggesting freight rates so as to develop industry in one part of the country.

MR. COVERT: And also they should say whether or not it will affect industry which is already established.





THE CHAIRMAN: That goes along with it.

MR. COVERT: Q. Will you now turn to page 8 of the brief, at the top of the page, where you refer to truck competition and the establishment of competitive rates in the territory of your competitor, and which you say would give your competitor an advantage.

Now, you have plants in and about the central provinces of Ontario and Quebec, as well as in the Maritimes?

A. That is right.

Q. Would it be possible to indicate to the Commission whether or not the plants in the central provinces have advantages which you can see in your company's operations in the central provinces as compared with the Maritimes?

A. I have not gone into that in detail, but I would say that it seems to me to be pretty obvious that a plant such as the Canadian Tube and Steel, for instance, which is located on the banks of the Lachine Canal, would derive substantial advantage from its location in the way of competitive rates over water compelled or truck compelled rates. I think that is obvious.

But I have not gone into the statistical part of it. I came here to complain about an injustice to the Steel Corporation, not an injustice to the railways; although I said, rather jokingly, I think this competitive rate situation is one of the injustices to the railways which, unfortunately, in this sense, the consumer has to pay for.

Q. Do you know whether or not you use trucks much for your business now?



A. I do know that we use trucks for a considerable amount of our shipments; but I would call attention to the fact that certain types of freight -- of course, the railways have gone after the business to the extent that they give you some of the benefits that the truck can give you; that is, by taking the goods from your plant and delivering them where they have to go, if it is the type of freight that you can handle that way, because I see it going on from time to time.

We move, I think, quite a substantial amount of our products by truck. Of course, in the steel business, trucking can handle some of it, but some, they cannot.

Q. That is what I would think that, ordinarily, in the steel business, your products would be so many and varied that the railways would be the main carriers?

A. Yes, there is no doubt about that.

Q. And likewise, it would apply to your main competitors in Hamilton?

A. I think that is so. We are talking now about plants in Ontario and Quebec.

Q. Yes. You do not use trucks at all for your business in Nova Scotia?

A. There is very little in our plants in Nova Scotia that we could use them for.

Q. In the fourth paragraph on page 8 you say:

"The foregoing demonstrates, we think, conclusively that our industry in Nova Scotia suffers presently a handicap arising from its geographical



location for which the Maritime Freight Rates Act apparently offers no amelioration and which the recent horizontal increases have aggravated to the point where some remedy must be found."

When you say that they have aggravated it to the point where some remedy must be found, does that mean that you have lost markets, for instance, because of the increase?

A. It means this, and I am not in a position to give you traffic statistics; but it means that, having in mind the history of our industry during what I call the normal competitive trading periods, we can see that these recent increases have put us in a position where, with normal competitive factors in play, the situation will be very seriously affected.

We can see that. But I cannot say to you, at the present time, conceivably, the only effect of that is such that I can translate it into either traffic figures, tonnages, or into dollars and cents, because abnormal conditions of supply and demand have not yet corrected themselves as they will, and as they are doing.

Q. Is that especially so in the steel business?

A. I think it is; and when I say "especially so in the steel business" I go back to a point I made this morning. Perhaps I am not talking about the same thing that you are, but I say that the relationship of transportation costs to over-all cost of production is so substantially higher in connection -- in the case of these products, steel products, that we can see that the gap -- that as the gap between supply and demand narrows, we are going to be very seriously affected by it.





Q. I think it might be interesting to the Commission if they had figures showing the percentage of the freight to the -- I suppose -- the selling price. That would be the best figure?

A. I think, probably, we can get that in connection with the preparation of that exhibit which I was discussing this morning. That was the exhibit by which I was demonstrating the dollar increases in our cost of freight coming from Sydney and Trenton.

I think we could easily take into that exhibit a column which would show the relative cost of freight to the selling price.

MR. SINCLAIR: Q. All freight, or just on the delivered product?

A. Oh, on the delivered product.

Q. Once again, Mr. Chairman, I say that if you are going to show the burden of transportation charges, you have got to take all the freight factors in the commodity, and when you talk about the percentage of freight to the selling price I think that, as a corollary to it, you might also supply the percentage of freight to cost.

(Page 5617 follows)



THE WITNESS: Well, now, I don't know, Mr. Chairman, whether I should argue with Mr. Sinclair about this or not.

THE CHAIRMAN: Yes, go on.

THE WITNESS: I don't know that he appreciates what I am talking about, but I take the case of a man who makes neckties, and they sell for a dollar, two dollars, three dollars, four dollars or five dollars; the transportation charge on the completed product may be insignificant as compared with the price that he gets. But if he is producing nails or bolts or angle bars or angles or shapes, bars or rods, the nature of the commodity is such that the relation of transportation to his selling price is a very different thing. Now, that is all that I am trying to demonstrate, and I say that when you increase his cost of freight 21 per cent the relative burden that he bears expressed in terms of his distribution cost is very much higher than that that the necktie manufacturer pays. And I don't know, but Mr. Sinclair -- and I say it without any desire to be offensive,-- seems to have departed from a philosophy of freight rates that the president of one railway had at one time, and which seemed to be pretty well accepted in the United States, namely, that these commodities, and the ones I speak about particularly, iron and steel, for the very reason that I mentioned, deserve special consideration.

MR. SPENCE: Mr. Chairman, I think the only point to Mr. Sinclair's question was this, that if you are going to compare the competitive relationships of



industry A and industry B, industry A having established itself in Sydney near to its raw materials, and industry B having established itself in Hamilton near its market, then you cannot just compare the freight rate on the finished product, you must compare also the freight rate on the raw material, because one has a high rate on its finished product and a low rate on its raw material, the other has just the reverse, and that is all we are asking for, that we get not just the statement of the freight factor on the finished product but a statement on the raw material as well.

THE CHAIRMAN: You say, then, that the Board should have power to do this and should in a given case conduct such inquiry?

MR. SPENCE: I am only speaking of the exhibit that Mr. Forsyth is going to file.

THE CHAIRMAN: Yes, but, you see, as far as we are concerned, we are not hearing particular cases with a view to applying particular remedies. We are studying what should be the principles that will govern the Board in the carrying on of its work.

MR. SPENCE: Yes, Mr. Chairman.

THE CHAIRMAN: Now, you say that in cases such as we are discussing here the Board should have power and should in fact have a duty to go into all these details of the business concerned, as you describe it, as Mr. Sinclair has described it; isn't that right?

MR. SPENCE: I say that if this Commission or the Board is going to compare the market relationships of two industries, it must consider both sides of the question.





THE CHAIRMAN: You say that if the Board has the power to consider market relationships, then in doing so it should follow up these studies that you now have in mind in each case; is that right? You see, we are not deciding individual cases here, of course, as you know.

MR. SPENCE: No, I understand.

THE CHAIRMAN: We are looking out to see what principles should guide the Board when they are disposing of cases. Now, perhaps the Board already has the powers and the duties which you and Mr. Sinclair are calling for. I said we would have some notion as to whether or not they have, and are exercising such powers, when we know what they are doing in the present case now before them.

MR. SINCLAIR: The point I am making, Mr. Chairman, is this, that there have been allegations that horizontal increases have placed an undue burden on the long-haul shipper. Now, I am saying that that is a --

THE CHAIRMAN: Just to illustrate the state of my mind, it might place an undue burden on some long-haul shippers and not on others, might it not?

MR. SINCLAIR: Yes, but I am saying, Mr. Chairman, that I am challenging that allegation.

THE CHAIRMAN: You say it cannot place a burden on any long-haul shipper?

MR. SINCLAIR: I say, like the Board, that the effect on its market itself is unpredictable, that these other things are not fairly workable, and I say further that the situation in the United States is not comparable, and there are many, many factors, and these allegations are made, that horizontal percentage increases have



resulted in a heavier burden on the long-haul shipper than on the short-haul shipper of the finished product to market. Now, I take the position, and I submit it to you, that until you know all the facts you cannot make that allegation, and if you want to make it you should come prepared with all the figures to substantiate it. That is the only position I am taking, that if you want to make an allegation or if you ask for a special privilege or have a special privilege, it is your duty to support it.

THE WITNESS: I take it that that is --

THE CHAIRMAN: Whoever is asking for a change in the present method of fixing rates, of course, will have to show us that the new method is a superior one, justified better by the facts.

MR. SINCLAIR: Quite so.

THE CHAIRMAN: Mr. Forsyth is trying to do that right now. Well, you may claim later on, when the time comes for argument, that the facts do not justify any change. I think you are anticipating it by arguing it today. It does not do any harm; it perhaps clears the air.

MR. SINCLAIR: I think I am not anticipating, sir, if I may say so, except to say that, in my view, unless all these facts are before us, what is put forward is not going to be helpful. It is an easy way to suggest that because I pay more dollars on a finished product in freight charges therefore I am carrying a bigger burden than my competitor, when you are not going to worry about how much of the freight factor there is



in the cost of producing the finished article. I do not think it is helpful, if I may say so, merely to take the question as to whether goods are sold on a delivered or on a loaded price, because I think that begs the issue in this horizontal increase, and I say that with the greatest deference.

MR. FRAWLEY: My lord, may I suggest that Mr. Sinclair again is losing sight of that other person in the economy of Canada, namely, the consumer. Is there any question in the world, my lord, that the horizontal increase falls more heavily on the Calgary consumer, who has to pay \$1.04 to bring the fruit from the Okanagan Valley, than on the consumer in the City of Montreal, who pays 45 cents to bring the same amount of fruit from the Hamilton district? That, to my mind, is the iniquity of the horizontal increase in so far as it affects the consumer. I want to put that on the record at this point, just to keep Mr. Sinclair's observations straight.

MR. SINCLAIR: I would like to just point out to Mr. Frawley that there is a question of oil, too. We wonder what the man in Manitoba thinks about the oil that he brings from Alberta as against the man in Leduc; and the consumer is not just buying fruit, although sometimes you wonder about it, in Alberta.

MR. COVERT: Perhaps that is enough for the record.

THE CHAIRMAN: I think so.

THE WITNESS: If I may, with reference to this matter of my lack of assistance to this Board, I would





just like to look at page 6 again. Now, before the 8th day of April, 1948, on certain commodities, as appearing by the exhibit -- I am taking the first line of figures -- prior to the 8th of April I paid \$10.75 per gross ton on the commodities which we are discussing there, and my competitor in Hamilton, to move the same quantity of goods to the same place, paid \$2.91. Now, I take it that those rates were established on a fair and reasonable basis prior to that date. Now, it does not seem to me that it makes much difference where I get my limestone or where I get my iron ore if after the 8th day of April, 1948, I pay \$2.24 more to move that same ton of freight, and my competitor pays only 67 cents. It seems to me it is as simple as that.

MR. SPENCE:Q.How much more does your competitor pay on his limestone, incidentally?

A. How much more does he pay? Well, I will venture one thing: you took care of him, and I think quite properly; when you made your application you restricted the increase on coal, you did not put any 21 per cent increase on coal to him, and I think that was all right, and the Board of Transport Commissioners apparently felt that they could deal with coal as a separate commodity -- and I have read in the judgment why they did -- and it did not have anything to do with remuneration to the railways at all, the production of additional revenue. It talked more about national considerations that were involved in the use of coal. Now, I say that on that commodity at least the railways took care to protect my competitor, and I don't blame them; I think it was



a very proper thing to do.

MR. SINCLAIR: All his coal moves by water.

THE WITNESS: All right then; if his coal all moves by water then this 21 per cent increase perhaps does not affect it at all.

MR. SINCLAIR: The increase may be up to 100 per cent.

THE WITNESS: All right; my increased cost of moving my iron ore may be up 100 per cent.

MR. SINCLAIR: Yes, and he pulls it farther.

MR. O'DONNELL: People in the Minto coalfield objected to the flat increase and said they preferred the percentage increase.

THE WITNESS: Now, Mr. O'Donnell, heaven knows I am able to accept my responsibility, and I am prepared to stand behind anything I put in this brief, and I am prepared to stand behind anything I say here, but I am not going to be held responsible for what the people in the Minto coalfields want.

MR. O'DONNELL: I don't blame you at all.

THE WITNESS: And, furthermore, I am not going to be held responsible for what the railways want.

THE CHAIRMAN: I think you had better go on, Mr. Covert.

MR. COVERT: Q. Mr. Forsyth, on page 9, in the latter part of the third paragraph, you point out the importance of your company in wartime, and refer to its geographical location and so on. I was wondering if you were suggesting that factors such as the importance of an industry during wartime should be taken into



consideration by the Board of Transport Commissioners, or whether that perhaps should not be looked after when the war occurs itself, and not be a matter of Government policy?

A. Well, I think myself that it would be rather unfair for me to suggest that the Board of Transport Commissioners should have to assess the strategic value of industries. I think that would be going a long way. Of course, it is rather interesting when you go back to the Intercolonial Railway situation to realize that one of the considerations that brought about the Maritime Freight Rates Act was, as I recall it, the fact that strategic considerations entered into the construction of the Intercolonial Railway. I seem to recall that.

Q. Now, in the penultimate paragraph on that page you refer to the ill-advised action of the Board of Transport Commissioners with respect to the last increases. I take it that you are just saying there is no special significance in the "ill-advised"; you just mean that you think it is bad that it did not give proper consideration to the effect that it would have on an industry such as yours?

A. Yes; that word may not have been very well chosen. There was nothing offensive intended about it. What I felt was that it seemed to me to have been fairly generally recognized that horizontal increases, certainly with respect to this long-haul traffic, in basic commodities were prejudicial, and that it seemed to me that when the Board of Transport Commissioners overlooked





that advice that they had received from other commissioners, and when they overlooked it, as nearly as I could find out, solely because they did not have before them traffic statistics they could have got if they had wanted to get them, if they had ordered them, that was an ill-advised action. That is all I can say about that.

Q. Then at the bottom of the page you refer to the transportation problems of Canada; you say they find a parallel in the United States of America. Now, my understanding is that there are no transcontinental railways there, they are regional, and perhaps there is not a real parallel.

A. Well, I will tell you what I had in mind when I made that statement, Mr. Covert. It was simply that I could not think of any country in the world where you had the vast distances to cover by railway lines that you have in Canada except in the United States and in Russia, and I did not think the Russian railway system was developed to a point where you could get much help from that.

Q. I see. Then you go on to point out that they recognize the highly complex market conditions and the competitive nature of the iron and steel industry -- both the railways and the I.C.C. did?

A. That is right.

Q. Now, you suggest, do you, that there are highly complex market conditions in those industries in Canada?

A. I do.



Q. Do you suggest that the railways and the Board of Transport Commissioners do not seem to recognize this?

A. I do not say, Mr. Covert, that the Board of Transport Commissioners did not recognize it; they did not just consider it at all, and I think that the railways recognized it once but they seem to have disregarded it this time; and I do not wish to be put in the position of attacking anybody about this thing. I attack the result, and I do it because I think, frankly, that both the railways and the Board of Transport Commissioners in that decision, in the application made by the railways and the decision of the Board, did the expedient thing from their point of view -- "This is the quick and the easy way to do it; we will do it this way, and then let people come back afterwards and complain about it if they are adversely affected" -- and I think that was the wrong way to do it.

Q. I see. Now, in the penultimate paragraph on page 10 you say:

"If we may, without transgressing the bounds of propriety, offer comment which we hope is helpful upon the wider and more general aspects of the situation, our view is that the criticism which is directed at the freight rates structure as being, in many instances, unjust and inequitable, finds its foundation in the absence of the application over a long period of time of plan and principle in the creation of that structure."



Now, we had a brief from Mr. Matheson, representing the Maritime Board of Trade, and in volume I at page 50 he says:

"Generally, the rates contained in existing freight tariffs are not the heterogeneous conglomeration which the uninitiated might assume."

He says it is not an exact science, and he goes on to say that the establishment of individual rates might involve in some instances a degree of trading but the railways, in reaching a decision, evidently take into consideration, among other things, what the traffic will bear, the cost of service, the value of the service, competition of other carriers, the relationship of a particular rate to others within the structure, and so on. Now, he seems to feel that perhaps it has developed logically, and I would like to know what you think of his statement and why you suggest that there has been a lack of plan and principle over a period of time?

A. Well, in the first place, of course, I never suggested that it was a heterogeneous anything; even the equivalent meaning of those words in simple language I never suggested. What I thought about it and what I still think about it is, in the first place I come back to this question of a principle which I find recognized by the railway and by four different Royal Commissions, and nobody pays any attention to it. Now, I say there is an absence of that principle, and consequently there is no plan based upon the





acceptance of that principle. But another thing that I say about it is -- and this is a matter upon which I have commented before, and I don't know whom to blame for this -- back when the Duncan Commission was considering this question, I think that competition of other carriers was a more or less negligible factor, but it does seem to me that over the period of years somebody ought to have visualized the increasing importance of the competition of these other carriers in the freight rate structure, and that some plan based upon some principle should have been in course of evolution over the period of time, so that we would not have found ourselves at this stage with this tremendous competition of other carriers built up to the point where, frankly, I think it imperils the financial situation of the railways, and this country in my judgment cannot just sit by and see the railways go down the river.

Q. That is what you mean when you speak of the absence of application of plan or principle?

A. Those are two instances, Mr. Covert; I think I could give others if I were pressed for them.

Q. You go on at the bottom of page 10 and the top of page 11 to say:

" . . . . the powers and duties of the present Board of Transport Commissioners, and of their predecessors, have not been set out and defined with sufficient precision;"

and immediately following that you say:

"and perhaps limitations have been imposed



which prevented the exercise of the judgment and discretion required by changing conditions in the general economic development of the country."

Now, I suggest to you that perhaps the defining of the powers and duties with precision might have the effect of limiting the exercise of judgment and discretion?

A. That is quite possible, that is quite possible. I suppose the experience of any lawyer who has had to do very much with the interpretation of statutes would support your statement; and what I have come to, Mr. Covert, about this thing is that, after reading what has been said by at least one Royal Commission -- and I think it is supported or I could support it by a reference to others -- and having regard to the attitude that the Commissioners, the Board of Railway Commissioners, took towards their own powers, I felt that they were not too clear about some of them themselves, and that they might have been assisted by greater precision in informing them as to what their powers and duties were, and I thought it was perfectly obvious from the judgment in this last case that they certainly regarded themselves as being very strictly limited in what they could do with reference to the requirements of changing economic conditions.

Q. You would recognize, Mr. Forsyth, then, that trying to define precisely their powers and duties might be dangerous?



A. I leave it at that.

COMMISSIONER INNIS: Q. You are not thinking, then, of statutory rates as being among the limitations?

A. Well, I do think of statutory rates as being limitations, but I excluded those from my consideration here, because I said that is a matter that Parliament has dealt with as a matter of policy, and has been removed, and there it is.

MR. COVERT: Q. Now, the Railway Act as amended in 1919, brought up to date and passed in 1919 -- there has been very little amendment since then; that is about thirty years; wouldn't that indicate that perhaps the Act itself had been found to be workable and not necessary of amendment?

A. Mr. Covert, if you are asking me to accept that proposition, I just could not do that. There are a good many statutes in this country that have been in force for a long time, but I do not know that I would agree that for that reason alone they had demonstrated that they were satisfactory.

Q. Perhaps I could put it to you this way, then, that during the thirty years in which it has been in effect there have been great changes in the economy of the country and the means and methods of transportation, and that perhaps the lack of amendment during that period indicates that not enough attention has been given to them?

A. I would go along with you on that one, and that is what I really think. One of the things that





struck me, I must say, when I was interested earlier in that application for increased freight rates -- I read the Railway Act -- was how few of the many words in that statute were devoted to dealing with the powers of the Commission, and how many of them seemed to be dealing with things that were not in my judgment quite as important; but I think it is only fair to say that there has been a tremendous change in economic conditions in this country since 1919, and it may be that people whose responsibility it is to amend this legislation were preoccupied with other things they thought were more important.

Q. Just two more points, Mr. Forsyth, that I have to ask you. In the penultimate paragraph on page 11, in the last four lines of that paragraph, you say:

"Furthermore, it appears to us to be impossible to do justice between any group of carriers and any group of those for whom goods are carried unless the body charged with the duty of balancing out the equities has effective control of the rates to be charged by all carriers."

I think you explained this morning, you developed the point of regulation of trucks and rates and so on?

A. That is right.

Q. I was wondering if there was any significance in the use of the word "group"?

A. Not at all. I used it because I could not think of any other word. Perhaps it is not a good word to use.



Q. Then in the last paragraph you say:

"We feel, therefore, that a drastic revision of the Railway Act is immediately required and that such revision should be done by individuals representing the principal interests concerned;

. . . . .

Now, first perhaps I should ask you what you mean by "the principal interests concerned"; that would be the railways --

A. Manufacturing industry in the country.

Q. The shippers?

A. Yes, the shippers.

THE CHAIRMAN: Q. Consumers?

A. Consumers. I do not imagine that you are going to get them all there at once.

(Page 5635 follows)



MR. COVERT: Q. What puzzles me is how would you suggest that -

A. I will tell you, Mr. Covert. After that phrase was published I received some criticism of it. I thought myself when I read it that it was perfectly plain what I meant, but after I heard what other people said about it I was not so sure. What I had in mind there was that revision of the Railway Act was required, and required at once for some of the reasons I have mentioned, and for other reasons. I assumed that revision of the Act would be a matter upon which in the first place the government would take, insofar as possible, the advice of experts, including this Commission, but that it would proceed in the ordinary course as other legislation does, a committee of the House, and possibly of the Senate, would sit to consider the matter, and that interested parties would be invited or permitted to come before those committees and state their views. I had no idea that a committee of the railways, producers, shippers and consumers would be set up to revise the Act and bring in a result. I did not mean that, but I can well see the language was not as clear as it might be.

Q In the last one you say:

"....and we also feel that means should be sought either by agreement or constitutional amendment to centralize the control of transportation rates in a regulating tribunal ....."

THE CHAIRMAN: Q. That means one tribunal?

A Yes.

MR. COVERT: Q. That would cover all forms of transportation?





A All forms of transportation.

Q Then you say:

".....the personnel of which should be appointed under auspices which would ensure public confidence....."

A I think you must read the whole sentence.

"...confidence in its ability to afford a due measure of protection for all conflicting interests."

I will tell you what I had in my mind there. In order to get one regulatory tribunal you have got to take from the provinces, or they have to agree to surrender, certain controls they now have. It seemed to me that if the provinces were prepared to make some concession on that in the interests of the whole country, then it was only reasonable to suggest that in the selection of personnel on the regulating tribunal the provinces as such might have some voice.

Naturally you could not have a tribunal that would be so tremendous as to become unwieldy, but after all there are how many provinces in the country? Ten now. A board of transport commissioners of ten members - they would not all have to sit at once, I suppose. That would not alarm me. If the provinces were given some voice in the selection of the personnel it seems to me then that a great deal of the suspicion, whether it actually exists or not but which is voiced as to the encroachment of the federal power on the provincial field, and so on, might be --

Q That is what you mean by those words, "under



auspices which would ensure public confidence", and so on?

A Yes.

Q What I thought you might have had in mind is that they might appoint representatives for certain regions whose problems were similar, and also that there should be included on the Board a representative of industry, a representative of the consumer and of the shipper?

A Those are all considerations that might be taken in, and I think they are matters that should be considered. Of course, when you get into the question of a tribunal to control rates, it very often happens that a person who has had no particular experience in the actual operation of industry can take a detached view of these problems, and arrive at a fairer and better result, than somebody who is perhaps unconsciously biased by some problem of his own industry.

I will not make it personal, but I think the experience of people who had to do with supply during the war would justify the statement that sometimes the very person whose individual experience you would think would qualify him most highly for some particular post in supply was found to be not the man at all, and he would be the first one to admit it, because he was a little too close to the picture. Those things all depend upon the individual and his personal qualifications, and are a long way from what I was thinking about in the preparation of this submission.

Q For the record, I do not believe I asked you this morning, Mr. Forsyth, what your position was with



the company?

A I am the executive vice president of the Dominion Steel and Coal Corporation Limited, and its subsidiary and affiliated companies.

MR. COVERT: Thank you very much.

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CROSS-EXAMINATION by MR. O'DONNELL

Q Mr. Forsyth, I think you indicated you were not sure - I think that is about the way it was put - as to whether or not the railway companies had, and particularly the president possibly of one of the roads, made a survey of certain basic commodities from the point of view of freight rates?

A I think the way I put it was I did not know that he had and I did not know that he had not, but that I could see no visible effect of it in my own situation.

Q Would you not think that the freight traffic departments, at least of the Canadian National Railways, are in constant touch with the rate situation in so far as it relates to your own company, or even to your competitors who are also shipping the same type of products that you make?

A If you tell me they are I will not dispute it.

Q Mr. Knowles has been engaged in studies for years, when he was with the railways, of rate matters of that kind, and I would assume he reported fairly regularly either to the president or the executive vice president, someone who would in turn have carried the information forward?

A Of course, you are getting a long way from where I have been operating, but mind you, do not think





for a moment that I am attacking --

Q I know that.

A -- the good faith of the president of the railway when he made that statement, and I certainly never expected - I think it was Sir Henry Thornton at the time - to see him doing it personally, and I do not think that is what he meant. If you tell me your freight traffic people have been in close touch with this thing and have conducted such a survey as he said ought to be conducted I will accept that.

Q My information is they have a considerable staff that day in and day out throughout each year is in constant contact with rate matters, and the study of rates, and the effect of changes in the rates, and the effect it might possibly have on business at one place as against another, all in the compilation of the rates?

A I will not dispute that.

Q It would not be your suggestion, would it, that the railways should be restrained in the exercise of their business judgment as to what they think should be done in the matter of, for instance, meeting the competition of other carriers?

A Well --

Q Or would it?

A It is one of those things you cannot answer yes or no. I think that the railways should long ago have been given some assistance in meeting that competition. I do not mean by somebody giving them a hand-out, but they should have been given some assistance that they have not had.



Q Possibly you would agree with this statement in the report of the Duncan Commission at page 24 where the Commission says:

"We are far from suggesting that there should be arbitrary interference on the part of the Railway Commission with the business judgment of the railway companies, or that there should be any confusion between trade development that can reasonably be expected from a railway rate structure, and trade development that must be a matter for public or government responsibility quite apart from rate structure."

A I would not quarrel with that statement at all.

Q Then on the other hand if a railway was forced, for instance, to put in a rate by the Railway Commissioners under powers which would enable them to say, "for the purpose of developing a business you should put such and such a rate in", would that not come into direct conflict with this further recommendation on the same page of the Duncan Commission report where they say:

"Much of the evidence we heard in the Maritimes left the impression on our minds that witnesses thought the railways should be operated to the advantage of the trader irrespective of the financial results to the railway. In other words, what a railway administration might concede, in the exercise of its judgment on what was good business or might ultimately be good business for itself, seemed to us to be demanded as a matter of right by the trader so that his own business might be profitably developed whether the operations



of the railway were remunerative or not."

A What are you suggesting about that?

Q I am asking if a rate were to be imposed on the railway by the Commission, or by a board of transport commissioners having powers to indicate to the railways that there should be a development of trade in any particular instance, if that would not come into conflict with the recommendation or comment that the Duncan Commission made that I have just read?

A I do not think so.

Q In any event, I gather that you are not recommending that the Board of Transport Commissioners should be in a position where they could order the putting in of a rate that would not be compensatory, for instance?

A Well, Mr. O'Donnell, what I think about it is this. I would rely upon the judgment of any Board that was appointed to deal with railway rates not to impose rates on the railways that were established without any regard to the remuneration of the railways at all. I would think the Board would not do that. I do not think that the powers I have suggested that the Board should have would involve them accepting the proposition that the railways should be operated to the advantage of the trader irrespective of the financial results to the railway. I never would suggest anything like that, and I have not, but on the other hand I think that one might reasonably inquire into the question as to whether the railway itself sometimes does not do some business irrespective of the financial results to it, and sometimes under compulsion. However, I think our





railways are well managed, and I am not suggesting there is any bad business involved in it at all, but I sometimes think that possibly they allow themselves to be forced into a position where they take business irrespective of the financial result.

THE CHAIRMAN: Q. Forced by whom?

A By competition.

MR. O'DONNELL: By uncontrolled trucks, for instance?

A For instance.

THE CHAIRMAN: That is not what they told us, though. That is not what the railways told us.

THE WITNESS: Mr. Chairman, I am afraid I am going to say something that may sound offensive, but I do not mean it to be that way at all. Until the railways produce a statement of the breakdown of the freight they carry at competitive rates, and a comparison of what they would get for it if they carried it at the standard rates, I would never believe it.

MR. O'DONNELL: Q. Mr. Forsyth, you withdrew from the 21 per cent case before that information was put on the record.

A Is it on the record?

Q As I understand it, and as I remember it, there was a breakdown given as between the traffic carried -- there were estimates at that time, and the Commission will remember that at the present time a waybill study is being conducted. I think a couple of days have been already taken off, and further days are to be taken.

MR. FRAWLEY: I should like Mr. O'Donnell to



elaborate a little bit on that. All we know about the percentage of business carried at competitive rates is that an estimate was given by Mr. Knowles, who was then freight traffic manager for the Canadian National Railways, that about 16 per cent of the total business of the Canadian National in 1947 was carried at competitive rates.

THE WITNESS: What percentage?

MR. FRAWLEY: Sixteen per cent of the total business was carried at competitive rates, but the study you are suggesting, Mr. Forsyth, was never presented to the Board of Transport Commissioners.

MR. O'DONNELL: If the Commission will look at pages 5912 and 5913 of the evidence in that case they will find that the estimates of the breakdown as between the various classes of freight were roughly as follows: competitive traffic revenue in 1946 on the C.N.R. was about 16 per cent of all revenue, including agreed charges; special class and special commodity rates were estimated to produce about 56 per cent of the revenue; United States traffic about 23 per cent; standard mileage about 5 per cent, and I think Mr. Knowles said at that time that figure was high. I understand it was high by about 4 per cent. It is roughly around 1 per cent. All that information is on the record. My friend may have forgotten that.

MR. FRAWLEY: I agree with that, but that is not the point Mr. Forsyth is talking about, as I apprehend it.

MR. O'DONNELL: Mr. Forsyth said no information of that kind had been made available.



THE WITNESS: I said nothing of the kind.

What I said was when the railways show me a statement of the revenue that they have actually received from freight carried on other than standard mileage rates, and the figure that they would have received if they had carried at the standard mileage rates, then I will consider whether they are not doing some business irrespective of financial loss. That is all I said. I think that is what one ought to have, but that is only one man's view.

MR. O'DONNELL: My memory is that an estimate was given as to the percentage of traffic carried on the different classes of rates, and the total revenues were made a matter of record. It is just a matter of arithmetic as to what the percentages work out at, but I do draw the attention of the Commissioners to the fact that at the present time a waybill study is being conducted which should give even more accurate figures.

MR. FRAWLEY: When will those results come out?

MR. O'DONNELL: I have not any idea. Your guess is as good as mine. I only work here by the day from time to time, and I don't know what other people are doing. They are working on it, and I assume you will get it.

MR. FRAWLEY: If I live long enough.

MR. O'DONNELL: Q. Mr. Forsyth, in view of what the Duncan Commission refer to as reasonable compensation, and what you have set out at page 4, I wonder if reasonable compensation would entail in your view cost plus some reasonable profit for conducting the business?

A Will you just state that again?





Q Would reasonable compensation include certainly cost and some reasonable profit in addition? Would that be a fair definition of what reasonable compensation might be?

A I wonder. You have, of course, two railways here. One of them is operated by and on behalf of the public, and the other one is a private enterprise. I think a person with my background and traditions would say that any private enterprise is entitled to have a reasonable return on its capital. I don't know, but I might be running foul of a statute if I talked about profit for the Canadian National Railways, but what I do call to your attention is that we were talking there, of course, about reasonable compensation over all.

Q Would that include a reasonable or fair profit over all?

A Well, I would say unless the Canadian Pacific Railway - and I deal specifically with that because I think the other question of the Canadian National is a little bit different - certainly unless the Canadian Pacific Railway can earn a reasonable profit then I would think it extremely unlikely that the people whose capital is in it would like to leave it there. That would be my judgment about that, and I am certainly not suggesting for a moment that the Canadian Pacific Railway, or any other railway, should be operated at a loss.

Q In the extract quoted from the Duncan Report, at the bottom of page 24 and the top of page 25, the matter as to whether or not the operation of the railway



was remunerative was followed by these words of the Commissioners:

"Even if there were no privately owned railway company, the business interests of which must be fairly considered and safeguarded, we cannot conceive of a national system being efficiently administered on such a principle as that."

A Where is that?

Q The top of page 25, that is, that they would do business on a basis regardless of remuneration.

A Irrespective of financial results. Of course, I do not think honestly that I ever heard any of the people who were responsible for the creation of the Canadian National Railways, or the assembly of that group of railways, talk very much in public about the profit-making possibilities of such an enterprise. I have not heard them talk about it for a long time anyway.

Q During the war years there were five very remunerative years when the traffic being carried was no higher than it is today.

A Of course, that was not calculated, I suppose, on the basis of establishing a profit position for that railway for all times, but this profit as made I suppose was perhaps put into the purse to compensate for some red figures that were there before.

Q Given the same amount of traffic, had there been no changes in operating costs, and had wages and material costs remained the same, could it not have been expected that the same operating results would follow?



Traffic has not fallen off since the war.

A Did traffic fall off?

Q No, it stayed up, and had it not been for changes in the wage aspect and in material costs we might have expected to continue to show black instead of red.

A Well, I suppose if that had carried on long enough we would have had the red figures balanced out at some time, and then we would have had to stop and think what we would do about that. We would always have to think what the effect would be on the private enterprise existing alongside.

Q As an exponent of sound private enterprise principles I would assume you would agree that as costs of operation go up the price of the product must go up in order to keep in the black?

A Of course, some people have had to face that without increasing their prices.

Q Just as a matter of curiosity, has the price of steel risen since 1938?

A The price of steel has gone up since 1938.

Q About what percentage?

A That I could not tell you. You see it is pretty hard to talk about the price of steel going up in percentage. We do not have quite as simple a proposition as the 21 per cent increase. We have a great many different products, and the increase on one product or the other, of course, expressed in terms of the percentage may be one thing or another.

Q You have had a lot of increases in the steel industry that are certainly more than 21 per cent since





1938?

A You are making that statement.

Q I am just asking.

A If you are asking me I can tell you frankly that I do not know, but it is not a difficult thing to find out.

Q I just wondered if you happened to know that offhand. Do you think, remembering the full powers which Chief Justice Rinfret said - in fact, he used the words, "powers of the most sweeping character", which the Board of Transport Commissioners now has with respect to rate matters, that they should be curtailed and that they should be put into any kind of straitjacket, so to speak, when considering rates?

A I do not recall the statement that you are making of Chief Justice Rinfret, but if he made that statement I do not think he and the railway commissioners were altogether at one on their effect, but at any rate, I have not suggested that the powers of the railway commissioners be curtailed in any respect. I have suggested rather that they be enlarged.

Q At the present time their powers are to fix just and reasonable rates. That has been said in that case I referred to, which is the Government of Alberta versus the C.N.R., 1931 Supreme Court Reports, page 656, at page 668. That has been said to give them very broad powers, and you would not recommend curtailing those, would you?

A No.

Q Do you not think in a case such as the 21 per cent case, where the Board indicated in the extract you



have been good enough to read on page 65, that the reservation of the rights of anyone affected by the horizontal increase was sufficient to protect them?

A No, I do not.

Q Is that not a fairly practical way to handle it?

A I do not think so.

Q Because you suggest that the Board should itself have gone out and looked at the effect, for instance, on you and your competitors of the increase in rates?

A I think in the first place that the railways failed to meet a responsibility that they had there. In the light of the declaration that had previously been made by the railway administration I feel it was incumbent upon them to direct the attention of the Board to something that had been recognized, not only by their own administration but also by these royal commissions, namely, that the effect of a horizontal increase on long haul freight was a prejudicial one. I think the railways should have called that to the attention of the Board, and even if they did fight a losing battle on it once before they should have entered into the fray again and tried to get the Board of Transport Commissioners to recognize that, and if the Board of Transport Commissioners -- I am sorry.

Q But would you not concede that the railways were entitled to assume that the Board of Transport Commissioners knew of the Duncan Report, and knew of the fact that parliament had not implemented this particular provision to which reference has been made, and that in



the circumstances, in view of the urgency that prevailed concerning additional revenue, it was a fair way to handle it, leaving it at all times to any individual to draw to the attention of the Board that in his special case he had been prejudicially affected. In so far as I know I believe your company is the only company - I am sorry, there is the lumber people in British Columbia also, and those are the only two cases that have been drawn to the attention of the Board on the ground that they were prejudiced by the horizontal increase.

MR. FRAWLEY: The Board or this Commission?

MR. O'DONNELL: The Board.

MR. FRAWLEY: Remember the 21 per cent case.

MR. MacPHERSON Jr.: What about the complaints at all the regional hearings?

MR. FRAWLEY: What about the consumers objecting?

MR. O'DONNELL: I am talking about what happened after the judgment, not before. The Board said, "we reserve the right of persons prejudicially affected." I say that to date there have only been two cases, the Dominion Steel and Coal Company, and the case of the lumber people in British Columbia.

MR. FRAWLEY: What we did about that was appeal to the Governor General in Council, and we now have the matter back before the Board for rehearing.

MR. O'DONNELL: I know all that, but I am saying that in so far as the reference at page 65 of the Judgment where the Chief Commissioner said:

"While there are a number of individual cases where discrimination in rates is alleged to





exist and it may be that some of these require special and separate consideration, on another occasion."

There are only two instances to my knowledge, and maybe a third one - my friend says that the Algoma Steel Company has likewise filed a complaint - those are the only three instances, in the millions and millions of rates that have been affected by the 21 per cent case, where an appeal has been made.

THE WITNESS: Is that a part of a question?

MR. O'DONNELL: Q. No, I am replying to Mr. Frawley. I ask you if the protection which is thereby afforded is not sufficient from a practical point of view?

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A. Now, Mr. O'Donnell, the question was quite a long time away; but, as I recall it, you started out by some such statement as: Didn't I think that the railways were entitled, and that the Board of Transport Commissioners knew all about the Duncan Commission report, and that certain recommendations made by it had not been implemented by Parliament. Isn't that right?

A. That is right.

Q. Now, let us get this thing clear once and for all. I do not believe that in order to deal with a freight rate increase in another way than by a horizontal increase, Parliament had to do anything to assist the Board of Railway Commissioners, and I do not think you think it either.

Q. I quite agree with you.

A. So, let us forget about any question of Parliament implementing any recommendation having to do with the horizontal increase method.

I say that the railways were entitled to assume that the Board of Transport Commissioners knew there was manifest and multiple objection to the horizontal increase. But I think that if the railways believed, as they said at one time they did, that these rates prejudicially affected certain industries, and that they had a duty -- and they tried to get the Board of Railway Commissioners at one time to recognize that fact -- but I think they had a duty, and they saw that they had a duty, because, in the case of coal, they fulfilled it.

MR. SINCLAIR: Q. It all depends on circumstances, does it not?



A. That is just the trouble; it all depends on circumstances, Mr. Sinclair. When the railways wanted a lot of money and wanted it in a hurry, they did not have time to deal with this thing on a proper basis. I suppose that was the only circumstance which could excuse them.

Q. Economic circumstances; the ability of industry to withstand it, for example?

A. Surely, nobody is going to ask me to accept as a proposition that as long as industry can stand it you are going to impose freight rates on an erroneous and ill-understood basis? That is surely not the argument I am expected to meet?

THE CHAIRMAN: Go on, Mr. O'Donnell.

MR. O'DONNELL: Now, coming back to where I was --

MR. SINCLAIR: Oh, I am sorry.

MR. O'DONNELL: Q. I say that the Board reserved unto itself the right to examine any particular case upon its being brought to its attention, and I suggested that was a practical way of handling the matter.

Your company and two others have taken advantage of that, and are presently before the Board.

A. You make quite a point out of the fact that there are millions of rates and only three people coming in?

Q. That is right.

A. I ask you if the history of the recognition of this horizontal rate increase principle is such that only a firm like mine would bother to put its application before the Board?

Q. I think you may have a case, but I do not know.

A. I think you should know.





Q. Your products are hauled a long way, in some cases, while in other cases they are not hauled at all, such as at Montreal, where your products are taken away right from the factory door?

A. I come from the maritime provinces, you know.

Q. I know that.

A. I know something about getting off on a false scent.

Q. I know.

A. You don't know anything about it. I have never suggested there was anything improper about a horizontal increase in its effect upon other than long-haul plants.

Q. Surely.

A. So what is the use of bringing in freight that moves not on the railways at all? It cannot be affected.

Q. That is right.

A. And all I have talked about is what happens in a plant where the long-haul freight takes place.

Q. There are millions of rates on long-haul freight?

A. That is right.

Q. And if your suggestion had been acted upon before the railways could get any relief, my thought is that we would still try at that point to look into the effect of one competitor on another competitor's operations after a rate change?

A. I do not think that would follow at all.

Q. You know that the horizontal increase has been used not only in Canada but in England and in the United States by way of granting relief to the railways where



they needed financial relief to meet increased costs of operation?

A And I know of one instance where they did that in the United States, but they took very great care to consider special consideration of the steel industry.

Q You are citing ex parte 162?

A Yes.

Q But there were two later judgments, 166 and 168; and in a later case a straight percentage of 6 per cent with no maximum was granted by way of emergency relief to the railways.

MR. FRAWLEY: Temporarily.

MR. O'DONNELL: Q. Temporarily.

A I am glad somebody used the word "temporary".

Q It is quite important. The final application is still awaiting decision.

A It might have been a very appropriate manner in which to deal with this: to grant a temporary increase in this case.

Q I think we did apply for temporary relief at one stage when your words were not of that view.

A I think I was one of the ones who opposed it. You applied for it on the basis that you were going to get that, and then get some more.

Q If we needed more, if we needed it.

A That is what you thought. But I did not think so at the time.

Q If the system you suggest were to be put into effect, and the effect of percentage increases on long haul rates had to be explored very fully and definitely before



any relief, even temporary, could be afforded, wouldn't that be an almost interminable task which would preclude the railways from the relief which they needed?

A If you adopt a certain hypothesis, you can get almost anywhere with it. But let us not forget that that was a matter which had been thoroughly investigated by four bodies before. And it seems to me that there would not have been anything very interminable by referring to the conclusions reached by other people.

Q It had been investigated by different bodies and by the Duncan Commission specifically; and the Duncan Commission's objections had been considered by Parliament; and Parliament enacted the Maritime Freight Rates Act to give effect to those recommendations.

A Was Parliament going to say: the Duncan Commission said that the effect of this horizontal increase is bad, and that the railways themselves and the Board of Transport Commissioners had, between them, the power of relief against it; so why should Parliament have considered it at all?

Q I say they did, and that they had the whole report before them at the time; and moreover, the Railway Act has been amended seven or eight times since the Maritime Freight Rates Act was brought in; and in none of these instances had Parliament considered that the horizontal increase should be precluded. As a matter of fact, the Hon. Mr. Kerwin's judgment in the 21 per cent case said that the Board had powers to entertain such an application.

A Let us sort all that out. Parliament has never forbidden the Board of Railway Commissioners to impose horizontal increases. I agree with that, and I do not see





any reason why they should.

It may be that, in certain circumstances, the horizontal increase would be the proper way to deal with it, but I do not see why Parliament would deprive the Board of Railway Commissioners of the power to impose a horizontal increase. I think that Parliament and the public generally might reasonably expect that, when the experience of the railways, and the experience of the Duncan Commission, and the experience of the Jones Commission, and the experience of the Duff Commission, and the experience of the Sirois Commission had determined that the horizontal increase was unfair, I think that Parliament might expect that both the railways and the Board of Railway Commissioners would themselves awake to a sense of responsibility in connection with the matter, and do something about it, without legislation.

Q And the Board of Railway Commissioners had all these factors carefully pointed out to them by various people representing the different provinces? But notwithstanding that, and the unanimous judgment of the Board on that point was that it was the only workable and practical method of dealing with the question.

A Why?

Q For the reasons that the Chief Commissioner set out.

A For the reasons that the Chief Commissioner set out -- "I have not got the traffic statistics to enable me to consider them."

Q That was one of them.

MR. FRAWLEY: Now it is back before the Board to be reconsidered.



THE CHAIRMAN: In any case, Mr. O'Donnell, whatever Parliament may or may not have done, we are commissioned to do certain things.

It is no answer to say do not look into this, because Parliament never did.

MR. O'DONNELL: I am not suggesting that for a moment.

THE CHAIRMAN: The benefit of these discussions is fine, but can't we shorten them a bit now.

MR. O'DONNELL: I am sorry, Mr. Chairman, but I will try. I have not got many more questions.

Q At the present time, has the Board got the fullest power to look at anything it wants to look at?

A No.

Q But in what respect has it not?

A Well, look at the judgment they rendered at pages 51, 52, and following.

Q That is what you say are their reasons for saying that they have not?

A I say that they say they have not, and anybody who tries to convince them would face a pretty difficult task.

Q Do you also say that the Board has not the power to get all the facts they need, under the present Railway Act?

A No, I do not say that they have not got the power. But I say they complain in this judgment that they cannot consider certain arguments made by certain people because they have not the information they need. It seems to me that if I had the power and wanted to consider arguments



that were made, I would get it.

Q Refer to page 10 of your brief where you say:  
"...any increase in the freight rate on any commodity from any one of our Nova Scotia plants to a given point elsewhere in Canada should be limited to the amount in dollars which our competitors would be required to pay...."

A I beg your pardon. What we suggest, you mean.

Q You suggested that in the case of steel, increases of freight rates on steel, that your increase, owing to what you suggest is your long haul, should be limited to a maximum of the increase imposed on your competitors.

A Let us put it this way so that we can understand each other. Let us take a carload of any given commodity manufactured by us at the Sydney plant. I want to put it into Brockville, Ontario. I say that the increased freight rate that should have been imposed upon me should in no case have exceeded the increase imposed upon my competitor, carrying a carload of the same thing to the same place.

Q But suppose your competitor is producing in Hamilton and not shipping at all, while you are shipping?

A All right.

Q What increase would you have in that case?

A I do not think I should have any increase, and I will tell you why.

Q Notwithstanding the total distance you may have to carry your freight?

A Just look at the distance away of my competitor. If I can meet my competitor in the city of Hamilton, where his plant is located.





Q Then, in so far as the steel industry is concerned, any increase in that particular type of case would be granted to the railways --

A That is right.

Q And it would necessitate a higher increase on other commodities to make up the difference in the revenue which the railways otherwise need?

A That may be so. You are asking me these questions and I must answer them.

Q I am quite willing you should.

A If you are going to get a certain amount of money from dealing with me in one way, and a lesser amount of money from dealing with me in another way, and you have to have a ~~global~~ <sup>total</sup> amount, then, if you reduce the charge on me, you will have to go somewhere else to get the rest. I agree with you. That is true.

Q All right, go ahead.

A But I would say that in saying that I am only saying what the president of your railway said twenty-three years ago. He said this, and I think you can find it at page 24 or 25.

Q That was a long time ago?

A Yes, it was a long time ago; but he said he thought that the higher classed goods were not carrying their full share of the expense of operation. Can you say that, in the interim, the higher classed goods have assumed a greater share of the cost of operation?

Q I did not know that I had gone into that. But I ask you now if the higher classed goods had assumed their full share and <sup>no</sup> increase was to be granted the railways



on steel, it would simply mean that the higher classed goods would have assumed a still higher charge in order to permit your industry to enjoy no increase, or a still lower increase?

A That is the weakness of argument on premises which are unsound. You know, and I know, that the probability is that for the last twenty-three years, by reason of the operation of competitive factors, high classed goods are bearing even less of the cost of operation than ever before. So what is the use of talking about 'a theory which is not practical?

Q How about the case where the Hamilton rates might have been higher in any given instance <sup>then</sup> ~~also~~ those from Sydney? Would you be agreeable to Hamilton being increased more than Sydney, or less?

A I do not understand your question.

Q In a case where Hamilton is paying more than the Sydney rate?

A You name me a case.

Q I ask you, if there was an instance where Hamilton was paying a higher freight rate than Sydney was paying, would you be agreeable to the rate from Hamilton not being increased more than the rate from Sydney?

A I still don't quite understand your question; but I will say this: that obviously I have been talking here about principles. And if, in principle, Hamilton is to be penalized by a 21 per cent increase in freight rates to a greater extent than Sydney is to be penalized, then, on principle, I would have to agree with you.

Q What is fair for one should be fair for the other?



A That is not what I was going to say, but it means the same thing.

MR. COVERT: What is sauce for the goose is sauce for the gander.

MR. O'DONNELL: I am sorry that we are taking so much time. But Mr. Forsyth has some very interesting ideas and he has more than considerable experience. So we might as well have the benefit of his views.

THE CHAIRMAN: That is all right.

MR. O'DONNELL: Q. Many products on your list, Exhibit 71, for instance, those in Montreal, are manufactured from steel which is shipped into Montreal from Sydney?

A A great many of them would be.

Q And it comes into Montreal in a raw form?

A It comes in, usually, in some secondary form, I think.

Q Would the same thing apply to the products made at Ojibway and Toronto and Walkerville?

A I would think that was true. For some of the products we supply the primary or basic materials.

Q And these movements from Sydney into Ontario and Quebec come in under the benefit of the Maritime Freight Rates Act?

A That is right.

Q And the unfinished material is then finished in Montreal or Toronto or at the other points on the list, and is then distributed from the plants where it is finished?

A That is right.

Q And in some cases, I would assume, for instance, in Montreal, such as Canadian Tube & Steel Products Limited,





considerable of the products manufactured here are shipped out by truck, are they not?

A I think there is probably some substantial truck movement. It depends. You see, if we are selling a hardware wholesaler here he may very well back up his own truck and take the stuff away. I think that probably happens.

Q And the same in the case of Toronto and Walkerville?

A I think that probably happens, too. I do not like guessing about these things, but it is my belief that the principal carriers of our goods are the railways.

Q Down at Sydney you use water transport, do you not, for some considerable movements?

A We have not used any water transport for steel, of any consequence, for a great many years.

Q What do you carry?

A We move a great deal of coal by water. Our rates on steel vary as between summer and winter, and the summer rates have some relationship to the fact that there is a possibility of water shipment entering in.

THE CHAIRMAN: Q. They are lower in the summer?

A They are lower in the summer, yes.

MR. O'DONNELL: Q. In the case of your iron ore, your supply is much closer at hand to your plant at Sydney than is the supply of your competitor at Hamilton?

A I do not really know. I know where he is, but I do not know where <sup>his</sup> ~~their~~ supply is.

Q If their supply of iron ore were at the Missanabie Range, that would be the case, would it not?



A How far is it from the Missanabie Range to Hamilton; tell me that, and I will tell you.

Q The Missanabie Range is in Minnesota. That would be further away from Hamilton than your iron ore is from Sydney, would it not?

THE CHAIRMAN: Are there any customs tariffs entering in there?

MR. O'DONNELL: I do not know, My Lord.

Q Your coal is closer at hand than the coal of your competitor at Hamilton?

A I would think so.

Q Can we agree on this that, notwithstanding what the freight rates may be that prevail with respect to your company's products, your company has had a very successful past few years?

A Well, we like to think that it is gradually getting some of what it has deserved for a long time. That is what we like to think about it. But, Mr. O'Donnell, the position of the steel industry and that of the railways has some parallel over the past ten years, because cost was not the factor in the consumer's mind. I think you people in the railways realized that very quickly from your own experience.

Q At the present time the use of steel in Canada is at an annual rate of more than the production in Canada, is it not?

A I should think that right now there is a shortage of supply, but it is very much less short than it was; and production is gradually catching up with the demand.

THE CHAIRMAN: Q. Is there any exclusion of United States steel going on now?



A Not that I know of.

Q I mean the importation of it?

A Not that I know of.

Q You say there is no restriction?

A Not that I know of.

MR. O'DONNELL: Q. Other than the ability to get it and to get the American dollars to pay for it?

A Those things are important. But somewhere or other, the other day, in the course of my wanderings, I heard that steel from the United States was being rather freely offered in Canada in certain products. And you know also that there are some steel products which we do not manufacture in Canada.

Q But the current annual output in Canada is about 3,000,000 tons, is it not? And it is being used at the rate of about 4,000,000 tons?

A You would really have to ask somebody else about that.

Q I was referring to the information which is set out in the prospectus of the Dominion Steel & Coal Corporation Limited, or people interested in their securities. The extract I have reads thus:

"With the stimulus of both military and post-war demands, the present use of steel in Canada is at an annual rate of 4 million tons per year as compared with current annual output of about 3 millions tons. Accordingly, about one-quarter of the consumption must be imported, mainly from the United States."

THE CHAIRMAN: That answers my question.





THE WITNESS: That document you are reading from I thought I saw a stockbroker's name on the back of it.

MR. O'DONNELL: Q. That is right. You have more than likely seen this very circular.

Are the figures, generally speaking, correct, or do you quarrel with that statement?

A I do not quarrel with it because, as I told you a moment ago, I do not know.

Q That is right. Let us go to a further statement in this prospectus which relates to the company itself. It says, and I shall read from page 3:

THE CHAIRMAN: What company is it you are talking about?

MR. O'DONNELL: Dominion Steel & Coal Corporation Limited, of which my learned friend is the executive vice-president.

THE WITNESS: I see.

MR. O'DONNELL: Q. I shall read from page 3 of the prospectus, as follows:

"On the 1948 basis, consolidated gross profits from operations showed a sharp increase to a new all-time peak of \$11,136,843 and net profits for the year were \$4,660,741, equal to \$4.49 per share. Comparable figures for the year 1947, as given to the press, were respectively \$6,514,744 and \$2,239,062 or \$2.15 per share. The actual results given in the 1947 report, which excluded Nova Scotia Steel & Coal were \$1,785,207 or \$1.72 per share."

Nova Scotia Steel & Coal is another subsidiary of your company, is it not?



A Yes.

Q And those figures are correct, I take it?

A Well, I would feel better about saying they were correct if I had the company's balance sheet before me. But G. E. Leslie & Company are perfectly reputable people and the chances are that they are all published figures.

Q The chances are they were taken from the figures published by your company?

A I can see that they are obviously trying to encourage people to buy that stock.

Q And the prospectus goes on to say:

"Including 'Coal' Earnings, 1948 Net  
Per Share was \$4.88

In an endeavour to make the earnings picture more complete, we may note that net profits of Dominion Coal Company for the year 1948 applicable to 'Dosco's' holdings of all the common stock amounted to \$407,108. This is equivalent to 39 cents per share of 'Dosco' common stock and brings the net per share, on a still more consolidated basis, to \$4.88."

Now, subject to checking the accuracy, that is about your memory, is it not, of the earning situation of your company last year?

A I would say that I do not think that these figures are wrong, but I am not saying that they are right.

Q That is sufficient for me. And if you will allow me to record them, Mr. Chairman, then, if they are wrong, Mr. Forsyth can write a note showing how they are wrong. I read from page 3 of the prospectus as follows:



"1949 Earnings Prospects

From present indications, earnings for the current year should approximate if not actually exceed last year's record earnings of \$4.49 a share. Production of steel in the first quarter of 1949 was at a new record level and it appears at the present time that demand for steel and steel products will remain at a high level during the current year.

As far as the Company is concerned, its 1949 earnings will benefit....."

A. I don't want to interrupt you, **Mr. O'Donnell**, but do you think it is quite fair to me or to the corporation to start reading that prophecy?

Q No, and I won't read it.

A I think it would be fair not to talk about this.

Q Then let us take the current year to date. Isn't that correct?

Page 5669 follows





A. I would think that it is not correct. You see, in the steel business you cannot just go along with your earnings, biting it off at three months and six months; it is very difficult to do that.

Q. Then is the further information there correct, that you have 70,000 tons of additional steel capacity which will be brought into production this year, and that the increased facilities represent an addition of more than 10 per cent to the rated steel ingot capacity of the company, and this additional output has been disposed of for a two-year period? Is that correct?

A. Well, if that is the statement Mr. Lang made at the Annual Meeting, it is correct. I remember that there was some statement made of that kind, but I would just like to say this, that if you are proposing to make any argument for the justification of a horizontal rate increase on the provisos of how well that business is going to do this year, I think I --

Q. Take it on last year. There is one further short extract:

"Company has a strong financial position

The Company had a strong liquid position at the end of 1948. Consolidated net working capital amounted to \$32,504,213 up from \$28,510,496 at the end of 1947."

That is, I take it, something with which you would not quarrel?

A. Well, I would not quarrel with this. I would say that the liquid position of that company over the



past few years has been pretty manifestly improved. I think it is attributable to the management, and one of the reasons I am over here is to try to keep it that way.

Q. "Cash and Government bonds of nearly \$14 million exceeded the amount of the entire funded debt and were alone more than one and one quarter times total current liabilities of \$11.6 million. The liquid position has improved in recent years despite plant expenditure of about \$17,300,000 during the last three years."

And as at the end of 1948, that is, after the 21 per cent increase had been in effect for about nine months?

A. And you are suggesting that a 21 per cent increase was responsible for our increased earnings?

Q. Well, not exactly; for helping you at least to maintain them, because you used the railways at least to the extent of the shipments you made over them. A considerable quantity of your products are sold -- in round figures, many millions of dollars are sold -- directly to people such as the railways, who pick the stuff up at the plant, Sydney or Walkerville or Toronto or other places?

A. Well, there are certain types of things that the people pick up. For instance, we build cars at the Eastern Car Company; I think they are delivered on the track at Trenton. Is that right?

MR. McLANDERS: That is correct.

MR. O'DONNELL: Q. And you pay no freight



on that end of it, in any event?

A. Well, somebody pays freight on them.

Q. Once they get in operation. Thank you, Mr. Forsyth.

THE CHAIRMAN: Of course, we would like to know later on, Mr. O'Donnell, what the argument is that is founded on this. You see what I mean -- whether it means that freight rates should be based on the ability to pay or --

THE WITNESS: I wanted to mention something there. I do not want to interrupt you, Mr. Chairman, but it occurred to me that --

THE CHAIRMAN: It was to work both ways.

THE WITNESS: It occurred to me, of course, that there were some other balance sheets that I could have read here if I thought they had anything to do with it.

THE CHAIRMAN: You don't want to see them again.

MR. COVERT: I understand there are no further questions.

THE CHAIRMAN: Well, thank you, Mr. Forsyth.

THE WITNESS: Not at all, Mr. Chairman. It was a privilege to appear here.

MR. COVERT: Adjourn to Toronto.

--At 4.35 p.m. the Commission adjourned, to meet again on August 4th, 1949, at Toronto, Ontario.





R.R.  
ROYAL COMMISSION  
ON  
TRANSPORTATION

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ROYAL COMMISSION ON TRANSPORTATION

TORONTO, ONTARIO,  
THURSDAY, August 4, 1949

THE HONOURABLE W.F.A. TURGEON, K.C. LL.D. CHAIRMAN,  
  
HAROLD ADAMS INNIS - COMMISSIONER,  
  
HENRY FORBES ANGUS - COMMISSIONER.

- - - - -

G. R. Hunter,  
Secretary.

P. L. Belcourt,  
Asst. Secretary.

- - - - -

ADDITIONAL APPEARANCES:

Wilson McLean, K.C.

Counsel for Province  
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and Toronto hearings.

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THE CHAIRMAN: Yes, Mr. Covert.

MR. COVERT: Mr. Chairman, the first submission this morning is that of the Canadian Manufacturers' Association, and Mr. Stuart B. Brown is presenting the brief.

STUART B. BROWN, called.

EXAMINED BY MR. COVERT:

Q. Mr. Brown, I understand you are the Manager of the Transportation Department of the Canadian Manufacturers' Association?

A. That is correct.

Q. Now, you have a brief which you wish to submit to the Commission.

A. Mr. Chairman and members of the Commission, this submission was presented to the Commission I believe early in the proceedings, that is, copies of the submission, and there have been no changes made since that time. The question arises as to whether or not you would wish me to read in full this submission into the record or whether the submission could be taken as read and placed in the record.

MR. COVERT: I think we may take it as read, if that is agreeable to the provincial counsel and railway counsel -- take it as read right into the record.

MR. FRAWLEY: Yes, that is all right.

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SUBMISSION OF THE CANADIAN MANUFACTURERS'  
ASSOCIATION TO THE ROYAL COMMISSION ON  
TRANSPORTATION

The Canadian Manufacturers' Association makes this submission to the Royal Commission on Transportation after most careful consideration of the Terms of Reference contained in Order-in-Council P.C. 6033, December 29th, 1948, which appointed the Commission. The views herein-after expressed have been recommended by the Association's Transportation Committee and approved by its Executive Council.

The Canadian Manufacturers' Association, with a membership of about 6300 large and small concerns located at various towns and cities from coast to coast in Canada, is vitally interested in the maintenance and development of a transportation system which will afford its members reasonable services at reasonable rates, free from unjust discrimination and undue preference. This interest is based upon their needs for the movement of raw materials into their plants and finished products outbound to their customers in Canada and for export. These various products form a large portion of the traffic handled by the various transportation agencies in Canada, including the railway companies.

The Association speaks for its members collectively, not on behalf of any individual member, and is primarily concerned in matters of general principles affecting rates, charges and practices of transportation companies.



The Terms of Reference indicate that the Commission is to enter upon an enquiry into certain contentions that "by reason of economic, geographic, and other disadvantages, certain sections of Canada are adversely affected by transportation difficulties and by certain anomalies which are said to be found in the existing tariffs of tolls and rates," with the purpose of examining and reporting upon "all questions of economic policy within the jurisdiction of Parliament arising out of the operation and maintenance of national transportation."

Without limiting the foregoing the Commission is also directed to enquire into certain specific matters stated in Paragraph 2(a) to (f) inclusive.

The scope of the enquiry, it is particularly noted, does not extend to the performance of functions which, under the Railway Act, are within the exclusive jurisdiction of the Board of Transport Commissioners.

The Canadian Manufacturers' Association in 1944 made a statement of policy dealing with the need for a national transportation policy. This was submitted to the Dominion and Provincial governments with the object of securing action through consideration at a Dominion-Provincial conference and the enactment of legislation where necessary. A copy of this statement, marked A, is attached hereto and some of the basic principles stated therein are repeated in this submission.

The Canadian Manufacturers' Association has consistently adhered to a policy of transportation regulation which it believes has been eminently sound and in the public interest. This policy briefly stated is based upon the following four principles: -





1. That the inherent advantage of each class or type of carrier should be recognized and preserved.
2. That each carrier must secure an authorization, sometimes called "A Certificate of Necessity and Convenience," before it may operate a service.
3. That the services and rates of such carriers must be reasonable and free from undue preference or unjust discrimination.
4. That the administrative tribunals or boards should be clothed with adequate powers, staffed with experienced personnel and be independent in dealing with matters falling within their jurisdiction.

The Railway Act gives expression in statutory form to the foregoing principles and there is submitted herewith in the following numbered items a brief description of the pertinent sections of that Act:

1. The operation of a service may only be commenced on proof, to the satisfaction of the Board, of public convenience and necessity (see Section 276 (7)).
2. Every carrier, according to its powers, must provide adequate and suitable accommodation, proper appliances and means for receiving, loading, carrying, unloading and delivering all traffic offered for carriage (see Section 317 (a), (b) and (d)).
3. Such traffic must be received, carried, and delivered without delay and with due diligence (see Section 312 (c)).
4. Such traffic shall be accorded the service mentioned on due payment of the tolls lawfully payable therefor (see Section 312 (4)).



5. The service given and the rates charged must be reasonable, and free from undue preference or unjust discrimination (see Sections 314 and 316).

The inclusion of some of the foregoing principles in legislation dealing with the regulation of certain inland water carrier and air carrier services has been supported by the Association, but because of provisions found in this legislation which the Association believed to be contrary to the principles it advocates, it was found necessary to make appropriate representations to Parliament against such objectionable provisions. The legislation mentioned is now known as the Transport Act 1938 as amended, and the Aeronautics Act as amended, and a brief statement of the Association's position respecting the objectionable provisions of these Acts is shown in the attached statement marked A.

The regulation of motor carrier freight services has been the subject of consideration and representations by the Association over a long period of years in line with the principles hereinbefore indicated. These representations have been made to the Provincial Governments as the highways are largely, if not entirely, under their jurisdiction. A brief reference to this action having regard to the principles of the National Transportation Policy advocated by the Association will be found in the attached statement marked A, where, among other things, it will be noted that the Association holds the view that the translation of the principles into adequate statutory form and the appointment of independent administrative boards would place users and carriers in a better position to know



their obligations as well as their privileges, thus assuring the conduct of their affairs respecting transportation on an equitable and sound basis. As a result, the Association also believes that waste would be reduced and the evils of unfair practices eliminated, assuring the sound development of the transportation system in the public interest.

The foregoing references to a national transportation policy advocated by the Association, it will be observed, contemplate a statutory obligation upon the carriers to see that their services and rates are reasonable and free from unjust discrimination or undue preference and a duty upon the administrative body or board appointed to administer the statute, to see that the carriers' obligation is carried out, and to adequately deal with complaints in respect thereto. The Association, therefore, in this submission is fully supporting this policy and believes that in respect to railway transportation the provisions of the Railway Act and the powers of the Board of Transport Commissioners provided therein are adequate, with one exception later explained, to enable that body to deal with any complaint alleging violation of the carriers' obligation to provide a reasonable service at reasonable rates free from unjust discrimination or undue preference.

A review and report upon the effect, if any, of economic, geographic or other disadvantages under which certain sections of Canada find themselves in relation to the various transportation services therein will no doubt include, among other things, those freight rate issues which have been raised in complaints before the Board of





Transport

Commissioners on numerous occasions. These complaints, which allege unjust discrimination and undue preference said to be caused by the difference in treatment by the railway companies in their territorial adjustment of freight rates, are within the jurisdiction of the Board of Transport Commissioners, have in the past been considered by that body and some adjustments made.

In the so-called 21% Increase Freight Rates Case decided by the Board early in 1948, and in the 20% Increase Freight Rates Case now before the Board for decision, these issues were again mentioned, and the Board was urged to remove the unjust discrimination and undue preference before authorizing any further general increase in freight rates. One of the issues, the so-called Mountain Differential Case has been separately heard by the Board of Transport Commissioners and is before that body for decision.

It will be seen that the foregoing territorial freight rate complaints are matters which are capable of being disposed of by the Board of Transport Commissioners and are in effect before that body in the cases mentioned, and no doubt will be again brought before the Board in the General Freight Rate investigation for consideration and decision. In the previous General Freight Rate Increases, prior to the so-called 21% Increase Case, the Board by requiring different general increases in one territory as compared with another, has indicated that greater uniformity is a reasonable and proper goal to be sought. The General Freight Rate Investigation now underway will have before it for the first time plans of the railway



companies themselves designed to bring about greater uniformity in freight rates, and, as a consequence, it would appear that the removal of these various territorial freight rate complaints may result from the Board's decision in this investigation.

There is a matter which might be said to fall within the term "other disadvantages" or "rate anomalies." This has to do with what are known as statutory rates. That is the rates or level of rates are established on a fixed basis by statute. Two of these statutes which cover wide territory and substantial traffic are the Maritimes Freight Rates Act and the Crow's Nest Pass Act.

The Association has given careful attention to the situation created by the difference in treatment between these two statutes having regard to the position of the users of railway services and believes that the method used to compensate the railway companies under the Crow's Nest Pass Agreement as compared with that under the Maritime Freight Rates Act is in effect unjust discrimination, although the Board of Transport Commissioners is precluded from dealing with this matter by certain provisions of the Railway Act.

The Maritime Freight Rates Act provides for the application of a basis of rates to be applied on traffic moving by rail within and from what is designated in the Act as the 'Select' territory which comprises the Provinces of Nova Scotia, New Brunswick, Prince Edward Island and that part of Quebec lying East of Levis and Diamond Junction. The rates required by the statute are lower than what may be described as reasonable normal rates,



and, as a consequence, Parliament in passing the Act included a provision which requires that the railway companies who participate in this traffic shall be compensated by the difference between the statutory rates and those which are found normal by the Board of Transport Commissioners. In this way the railway company in effect receives normal rates and the difference is borne by, in the last analysis, the taxpayers.

The Crow's Nest Pass Act so far as it is operative at the present time provides for a basis of rates on Grain and Grain Products moving from points in the Prairie Provinces to the Head-of-the-Lakes. While the original agreement was only between the Canadian Pacific Railway and the Dominion Government, it has been extended by a proviso to Section 325, Subsection 5, of the Railway Act to include traffic moving from all points in the Prairies via all lines of railway to Fort William or Port Arthur. By an order of the Board of Transport Commissioners, the Crow's Nest Pass rates on Grain and Grain Products were also extended to movements Westbound to Canadian Pacific Coast Ports when the traffic is for export.

While this Act has been the subject of consideration on a number of occasions and was under suspension for a period of time during and shortly after the first world war, it is not our purpose to, at this time, go into the various details as we are primarily interested in the method of compensating the railway companies for the difference between what may be described as reasonable normal rates and the rates required by this statute as extended by the provisions of the Railway Act and the Board of Transport





Commissioners' order previously mentioned.

Unlike the Maritime Freight Rates Act, there is no provision whereby the railway company would be compensated for the difference between the statutory rates and what may be described reasonable normal rates. As a consequence, when the general level of rates is advanced and no advance is permitted in the statutory rates all the traffic outside of that which enjoys the statutory rates must be assessed rates to make up the difference, and the shippers and receivers of such traffic in effect must pay for the maintenance of these statutory rates. While it is true that the Board of Transport Commissioners has no power to deal with this matter, the Commission is directed to the fact that under Section 38 of the Railway Act the Governor-in-Council may direct that the Board make a report or any other action desired in respect to any matter which is required by the Railway Act, the Special Act or any other Act of Parliament. The Governor-in-Council under these circumstances could ask the Board of Transport Commissioners to investigate and report as to the reasonable normal rates for the movement of the Grain and Grain Products traffic affected by the Crow's Nest Pass Agreement, which would then make it possible to determine whether or not and to what extent the statutory rates are less than the reasonable rates. While this action would determine the amount of difference, there would still be required some action possibly by way of amending legislation whereby the Board of Transport Commissioners would be directed to determine the normal reasonable rates from time to time and certify each year



as to the amount representing the difference between the statutory and the normal rates.

What has been stated in respect to the Crow's Nest Pass Act thus far has been directed towards a method of determining the difference and possible legislative action which may be involved. The shippers and receivers of traffic other than that affected by the Crow's Nest Pass Agreement, who are compelled to pay higher rates than would be the case if the same method of payment to the railway company was adopted, as in the case of the Maritime Freight Rates Act, naturally believe that they are unjustly discriminated against and that some adjustment should be made so that the railway company will receive on all of the traffic normal reasonable rates, thus permitting a lower general level of rates.

In respect to "economic, geographic or other disadvantages" related to various transportation services, other than freight rates, it is assumed that the Provinces, local organizations, and possibly individuals will be making appropriate submissions dealing with these matters. It is not the intention of the Association to make any submission in this regard as in the case of the various freight rate issues there will no doubt be considerable difference of opinion respecting these issues. However, it is the purpose of the Association to keep in touch with developments and should there be any issues on which the Association is prepared to make any further submission, the Commission is requested to give the Association an opportunity to do so.

A review of the Railway Act, with respect to such



matters as guidance to the Board in their freight rate revisions, competitive rates, international rates, etc., involves certain matters which we do not at the moment believe require any submission on behalf of the Association as we are later in this submission recommending an amendment to extend the Board's powers so that it may deal with the reasonableness of rates in the past and under certain circumstances authorize reparation. However, should interested parties make representations to the Commission on some of the specific matters hereinbefore mentioned (paragraph 2(b) of Terms of Reference), the Commission is requested to permit the Association to make such representation as may be found appropriate after considering these submissions.

A review and report on the advisability or otherwise of establishing and maintaining the fixed charges of the Canadian National Railways on a basis comparable to other major railways in North America is a matter which we believe should be initiated by the Railway Company involved. The Association, however, requests the Commission for an opportunity of examining such submission and making any representations as may be considered proper in the circumstances.

A review and report upon the advisability of adopting or otherwise measures conducive to uniformity in accounting methods and statistical procedure of railways in Canada is a matter which the Association believes is of considerable importance and submits that it would be advisable to have uniformity in these matters. In respect to the related problems mentioned in paragraph 2(d) of the





Terms of Reference, the Association submits that the Railway Companies should be required to report their operating expenses on a uniform basis in such a manner as will indicate the amounts chargeable to freight service separately from those chargeable to the passenger service, and would recommend that the formula of the Interstate Commerce Commission in respect to this matter be the basis of the formula to be used for Canadian railways.

review and report on the results achieved under the Canadian National - Canadian Pacific Act, 1933, as amended, has led the Association to believe this to be a matter which should be initiated by the two railways concerned. It is requested, however, that the Association be given an opportunity of making representations in this matter, after having an opportunity of reviewing the submission of the railway companies mentioned. The Commission is advised that the Association believes this matter to be of considerable importance and while the Board of Transport Commissioners did not appear to have the jurisdiction to deal with certain phases of this matter brought to their attention in the so-called 21% Increase in Freight Rates Case, the Association at that time made the following submission to the Board:

"The possibilities of eliminating waste or reducing cost through co-operative measures between the two principal Railway Companies was explored and Parliament considered the matter of such importance as to require legislation duly passed in the form of what is known as the Canadian National - Canadian Pacific Act, 1933,



"In this legislation, the two Railway Companies among other things are directed to explore and endeavour to agree upon certain co-operative measures. Since the passage of the legislation, some co-operative measures have been adopted and others have been explored. It may be that the exploration is continuing but the amount of saving so far achieved has been very small - much smaller than was thought possible at the time the legislation was passed.

"The possibility of further action in this direction might well be investigated and the matter is accordingly brought to the attention of the Board for such action as may be thought proper."

A feature of the Railway Act which it is submitted might advantageously be revised or amended is that which deals with the Board's jurisdiction to determine just and reasonable rates. As matters stand at present, the Board's jurisdiction is confined in effect to deciding just and reasonable rates for the future but not for the past. As a consequence, the Board is without adequate powers to authorize the reparation, where they find that particular rates or charges are unreasonable, although they, as they have in some of the decisions on the matter, realize that such rates or charges have been unreasonable in the past.

The Railway Act, Section 325, requires that rates and charges of Railway Companies, subject to the jurisdiction of the Federal Parliament, must be just and reasonable and empowers the Board of Transport Commissioners to prescribe other tolls in lieu of those established by the Railways which it considers to be unjust and unreasonable



or contrary to any provisions of the Act. As developed in a long line of decisions dealing with applications initiated under the provision of the Railway Act previously cited where a rate is found to be unjust or unreasonable or contrary to any provisions of the Act, the Board's powers in affording relief are limited to the prescription of a reasonable or non-discriminatory rate for the future. This distinction between the powers which may be exercised by the Board in respect of transactions executed in the future and those in the past produces an unreasonable situation, imposing hardship on the shipping public in the way of excessive charges, for which no remedy is presently available.

It is respectfully submitted that the benefits of the statutory protection conferred with respect to just and reasonable and non-discriminatory rates or charges under the existing Act should be extended to embrace transactions executed during a reasonable interval of time elapsing between the date such shipments began to move and the date a complaint is lodged with the Board with respect thereto.

The singular ineffectiveness of the present Act to reach this class of cases and afford an appropriate remedy to the shipping public where performance by the carriers of the statutory duty to publish and observe just and reasonable rates or charges is found to fall short of the requirements of the Act, can probably be more vividly conveyed by a brief reference to certain glaring examples reported in the judgments of the Board, references to which are hereinafter stated.





1. APPLICATION OF B. C. TREE FRUITS, LIMITED, KELOWNA, B.C., for ruling as to standard refrigeration charges on cars iced half-stage under W.P. & T.B. Order A-1320 of 18th August, 1944 (Volume XXXVI J.O.R. & R., pp. 205-209).

In this case, the standard refrigeration services provided for in the carriers' published tariffs contemplates that the bunkers of refrigerator cars should be filled to capacity at the initial icing station and at all regular icing stations en route. By reason of Order A-1320, dated 18th August, 1944, issued by an administrator of the Wartime Prices and Trade Board, the quantity of ice at the initial or re-icing point was restricted in respect to fresh fruits and/or vegetables to what is known as half-stage icing capacity of such cars as were equipped for half-stage icing or a maximum quantity of not more than seven thousand pounds of ice, where such car was not equipped for half-stage icing. The Railways in replying to the complaint of the applicant admitted that the mandatory order of the W. P. & T. B. had the effect of depriving the shipper of the full services contemplated by standard refrigeration, and as a result a material saving of ice resulted from the initial icing of cars equipped for half-stage icing, and also reduced the amount of ice to be hauled in transit. In view of these circumstances, both the Canadian National and the Canadian Pacific indicated their willingness to adjust the charges collected on such cars equipped for half-stage icing and which were in fact iced in accordance with the W. P. & T. B. order,



to the same basis as was being applied under similar conditions in the United States where the Interstate Commerce Commission had required that the charges be 78% of the standard refrigeration charge.

The Board of Transport Commissioners, after consideration of the facts in the case, held that, inasmuch as the Canadian railways' tariffs naming charges for standard refrigeration provided for initial icing and re-icing for cars to "capacity," the capacity while the W. P. & T. B. order was in effect would be limited to the provisions of that order and, consequently, no reduction could be made because of the reduced amount of the ice permitted. The Board expressed the view that it was unable to reach any other conclusion than that the carriers had legally on file with it tariff provisions applicable to the mandatory half-stage standard refrigeration even though it was clear that the quantity of ice supplied was less than contemplated by the tariffs. The Board further held that the charges so published were legally applicable to the icing services performed under the Terms of the W. P. & T. B. order and that, in accordance with precedents consistently followed, the Board's powers with respect to past transactions are limited to a declaration of what constitutes the legal tolls, and therefore it had no power to direct or permit the carriers to make any adjustments of the said charges.

2. CEDARMEN'S TRAFFIC ASSOCIATION, MINNEAPOLIS, regarding rates on fence posts, C.L. from a spur eight miles south of Revelstoke, B.C., to various destinations in Western Canada. (Volume XII J.O.R. & R., pp. 228-231).



In this case, numerous cars of fence posts moved under mileage commodity rates (distance rates) from a siding eight miles south of Revelstoke, B.C., to various destinations in Western Canada and were charged rates for the mileages as published in the Canadian Pacific Railway's Office Distance Table on file with the Board. It was established that some months prior to the movement of this traffic there was a reduction in the actual mileage over the route of movement of 4.2 miles but that the Official Distance Table had not been amended to reflect such reduction in mileage until some time after the movement of this traffic had been completed.

The Board held that the distance rates applicable on the traffic were governed by the distance as published in the railway's Official Distance Table on file with it, and, notwithstanding that there had been a reduction in the actual mileage prior to the movement of this traffic, the fact that the Railway Company had failed to show by appropriate amendment a reduction in this mileage until after the movement of traffic had been completed, the Board found it necessary to hold that the distance as published in the Railway Tariff at the time of movement must be controlling in determining the rates applicable.

3. APPLICATION OF DOMINION SUGAR COMPANY, WALLACEBURG, ONTARIO, for reduction in rates charged by railway companies on sugar beets, C.L., to Wallaceburg, Ontario. (Volume XI, J. O. R. & R., pp. 289-299).





In this case, it was developed that certain Railway Companies, following an application on behalf of Canadian railways for general increase in freight rates, had published revised tariffs naming materially increased rates on Sugar Beets to Wallaceburg, Ontario, and when the Board issued its decision in the general increase case the horizontal percentage increase allowed was superimposed on the previously increased rates. In this way, this Sugar Beet traffic bore a substantially greater amount of increase than was contemplated by the general increase dealt with by the Board. The Board in its decision which ordered a modification of the rates, although such rates did not become effective until more than a year after the rates had been increased, indicated among other things that had the Board been aware of the fact that at the time the general increase was under consideration various increases had already been made in rates on Sugar Beets, this fact would undoubtedly have been taken into consideration by the Board in connection with the percentage rate of increase to be allowed on the commodity in question and that such rates would have been adjusted proportionately to the increases received by the previous action of the Railway Companies involved.

In the interval between the time the increases were established by the Railways and the complaint was considered by the Board and disposed of, no redress could be made by the Board under its powers as the only rates in effect up to the time that the actual rates ordered by the Board were established were those legally



published and on file with the Board, and the Board had no power to make a retroactive order passing on the reasonableness of the rates applicable during this interval.

This infirmity of the existing Railway Act which we have endeavoured to point out by a review of the above-mentioned cases should, we respectfully submit, be corrected by an appropriate Amendment to the Railway Act and with the object of assisting the Commission in dealing with this matter there is attached hereto, marked C, a draft of a proposed addition to the Act which we feel would adequately care for the disability under which the shipping public operates in this connection. Viewed from the standpoint of public policy that rates should be just and reasonable, both to the shippers and carriers, it is respectfully submitted that the proposed Amendment has substantial merit as representing a logical step to ensure that all charges will be dealt with fairly.

CANADIAN MANUFACTURERS' ASSOCIATION INC.

April 21st, 1949.

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STATEMENT "A"

Submission of Canadian Manufacturers' Association  
to the Dominion and Provincial Governments Respecting  
the Need for a National Transportation Policy

The Canadian Manufacturers' Association after  
careful consideration by its Transportation Committee and  
Executive Council submits for consideration of the Dominion



and Provincial Governments its views on the need for adoption of a National Transportation Policy. Such policy should be formulated solely in the public interest and made effective by appropriate legislation so as to assure a system of transportation providing a reasonable service at reasonable rates free from undue preference or unjust discrimination.

In the Federal field of jurisdiction the policy which has been followed since 1903 is exemplified by the Railway Act and the Transport Act, 1938, administered by the Board of Transport Commissioners. This policy provided regulation of transportation by rail, water and air, as well as communication services of telegraph and telephone companies, in a manner generally acceptable to both carriers and users of carriers' services. However, the introduction of Part V of the Transport Act, 1938 (Agreed Charges) and the recent amendment to the Transport Act and the Aeronautics Act indicate a trend of thought respecting transportation regulation which is contrary to the proved principles heretofore followed.

In the Provincial field of jurisdiction, the policy which has been followed since 1926 is exemplified by Public Commercial Vehicle Acts enacted by each of the provinces, which to a degree have followed the principles of Federal legislation. These Acts are being administered by boards or other authority. While the legislation and administration are similar in some respects in the various provinces, there are important differences and administrative boards or other authorities have not been given, in all cases, adequate powers. In addition a number of





matters do not become effective until orders-in-council are issued establishing regulations, action on which has not yet been taken. Consequently, while carriers and users of carriers' services appreciate what has been done, which has been helpful, further action should be taken to place transportation regulation by the provinces in full harmony with the principles which are hereinafter mentioned and have been advocated in previous submissions.

The Canadian Manufacturers' Association represents a large number of the users of transportation services. Their inbound raw materials and outbound finished products form a very large proportion of the traffic handled by all types of common carrier agencies. The Association has consistently adhered to a policy of transportation regulation, which it believes has been eminently sound and in the public interest. It therefore continues to advocate such policy. This policy is briefly stated in the following four principles.

1. That inherent advantage of each class or type of carrier should be recognized and preserved.
2. That each carrier must secure an authorization, sometimes called "A Certificate of Necessity and Convenience," before it may operate a service.
3. That the services and rates of such carriers must be reasonable and free from undue preference or unjust discrimination.
4. That the administrative tribunals or boards should be clothed with adequate powers, staffed with experienced personnel and be independent in dealing with matters falling within their jurisdiction.



It is earnestly submitted that these principles must underlie all legislation and regulations dealing with transportation in Canada. Any departure therefrom cannot prove other than detrimental to our national economy.

Amendments to the Railway Act and the passage of the Transport Act, 1938, received consideration of the Association and were approved with the sole exception of Part V of the latter Act, dealing with Agreed Charges. The Canadian Manufacturers' Association reiterates its objection to the Agreed Charges as laid down in Part V of the Transport Act, 1938, inasmuch as practices contrary to the foregoing principles are therein sanctioned.

The amendments to the Transport Act, 1938, and the Aeronautics Act which removed the regulation of air carriers from the Board of Transport Commissioners and placed it under the jurisdiction of a separate Board with restricted powers, established conditions which are also contrary to the principles previously mentioned. When these amendments (House of Commons Bills 101 and 133) were being considered the views of the Association were placed before the Government and Parliament. The position taken at that time is reiterated in the sincere belief that many of the provisions of the legislation mentioned are not in the public interest.

The Railway Act gives expression in statutory form to the principles advocated by the Canadian Manufacturers' Association. A brief **summary** of some of the principal sections is submitted in the following numbered items:



1. The operation of a service may only be commenced on proof, to the satisfaction of the Board, of public convenience and necessity (see section 276(7)).
2. Every carrier, according to its powers, must provide adequate and suitable accommodation, proper appliances and means for receiving, loading, carrying, unloading and delivering all traffic offered for carriage (see section 317 (a), (b) and (d)).
3. Such traffic must be received, carried, and delivered without delay and with due diligence (see section 312 (c)).
4. Such traffic shall be accorded the service mentioned on due payment of the tolls lawfully payable therefor (see section 312 (4)).
5. The service given and the rates charged must be reasonable, and free from undue preference or unjust discrimination (see sections 314 and 316).

The Public Commercial Vehicle Acts enacted by the various provinces contain somewhat similar conditions, partly in statutory form and partly as conditions to be made effective by an order-in-council in the form of regulations.

It is submitted that the enactment of these conditions, in statutory form, for the guidance of administrative boards or other authority as well as users and carriers is much more fair and equitable than by regulations through orders-in-council. It is sincerely believed that the Railway Act is so comprehensive and has been so satisfactory from an administrative standpoint that it might well be taken as a guide in these matters.





The adoption of a National Policy of Transportation in line with the principles which have been advocated would require, among other things, co-operation between the Dominion and Provincial Governments. As matters of this character are frequently dealt with through Dominion-Provincial Conferences, it is urged that early consideration be given to our submission with the object of having the matter decided at the next Dominion-Provincial Conference. It is believed that, in the public interest, some definite action is required. The principles which the Association has advocated have been well tested by time and experience, and it is submitted the results prove that under such a system of regulation fair and equitable treatment can be assured to all.

The adoption of a National Policy based on the principles mentioned would prove a long and necessary step in the direction of uniform administration of regulatory legislation dealing with transportation. This should aid in eliminating duplication and many other evils, examples of which were known before the passage of the Railway Act in 1903 and more recently in connection with highway transportation.

The translation of these principles into adequate statutory form and appointment of independent administrative boards would place users and carriers in a better position to know their obligations as well as their privileges, thus assuring the conduct of their affairs respecting transportation on an equitable and sound basis. This should also result in reducing waste and eliminating the evils of unfair practices, assuring the sound development of the transportation system in the public interest.



In carrying out the policy advocated, it is realized that it will be necessary to amend some of the existing statutes in the Federal as well as the Provincial field of jurisdiction. When action is proposed in this respect, users' and carriers' representatives should be consulted so that their practical knowledge and views may be made available to those dealing with such amendments.

The Canadian Manufacturers' Association will be glad to have the opportunity of presenting its views in respect to any proposed legislation and to submit to the Dominion and Provincial Governments such further information, as may be desired, on this very important matter.

The foregoing is submitted for your careful consideration and appropriate action.

Canadian Manufacturers' Association,  
Transportation Department,  
Toronto 1, Ontario.

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#### STATEMENT B

Decisions affirming lack of jurisdiction  
of Board to direct refunds or award reparation

- 6 C. R. C. 514 - Dominion Concrete Co. vs. C. P. R. Co.
- 9 C. R. C. 178 - British American Oil Co. v. G. T. R.  
(Stoy Case)
- 9 C. R. C. 232 - Montreal Produce Merchants Ass'n v. G. T.  
and C. P. Rys.
- 9 C. R. C. 493 - James Davy, Thorold, Ont. v. N. St. C.  
& T. Ry.
- 10 C. R. C. 343 - Re Through Rates vs. Combination of  
Locals.
- 12 C. R. C. 327 - British American Oil Cos. v. C. P. R.



- 13 C. R. C. 201 - G. T. and C. P. Rys. v. Canadian and British American Oil Cos.
- 14 C. R. C. 201 - C. P. R. and G. T. R. V. Canadian Oil Cos.
- 17 C. R. C. 93 - Lehnhart v. C. N. R. Co.
- 22 C. R. C. 387 - Allegheny Lumber Co. Pittsburg, Pa. v. G. T. R.
- 22 C. R. C. 414 - The Security Traffic Bureau, Minneapolis, Minn. v. C. N. R.
- 24 C. R. C. 107 - St. Lawrence Pulp & Lumber Co. v. C. P. R.
- 24 C. R. C. 169 - Imperial Munitions Board v. C. P. R.
- 26 C. R. C. 26 - United Grain Growers Ltd. v. C. N. Rys.
- 27 C. R. C. 458 - F. L. Getzler, Montreal, P.Q., re Freight tolls on Pig Iron, Welland, Ont. to Montreal, P.Q.
- 28 C. R. C. 91 - Cedarman's Traffic Ass'n, Minneapolis, Minn. re Rates on Fence Posts.
- 35 C. R. C. 362 - Stephen Adamson Manufacturing Company v. C. N. Rys.
- 39 C. R. C. 143 - Department of Public Works of New Brunswick v. C. N. Rys.
- 40 C. R. C. 187 - Canadian Vickers Ltd. v. C. P. R.
- 47 C. R. C. 369 - Application of Canadian Railways and Chicago & Alton R.R. - Ruling of Board as to Classification Rating on Motor Oil Delivery Cans.
- XII J. O. R. & R. 7 - Complaint of New York Car Wheel Co. against rates charged by G. T. Ry. on Pig Iron from Collingwood, Ont. to Black Rock, N.Y.
- XV J. O. R. & R. 249 - Application for refund on shipments of Lumber from Baptiste, Ont. to Grand Rapids, Mich. and from Fossmill, Ont. to Detroit, Mich.
- XVI J. O. R. & R. 135 - Application Canadian Shippers Traffic Bureau for Order disallowing alleged unlawful rates charged by C. N. Rys on Woodpulp from Bathurst, N.B., etc. to Toronto, Ont.
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STATEMENT C

The Railway Act, being Chapter 170 of the Revised Statutes, 1927, is hereby amended by adding the following sub-section:-

(1) Any person, firm, corporation, company or association, or any mercantile, agricultural, manufacturing society or other organization, or any body politic or municipal organization, or any common carrier, complaining of anything done or omitted to be done by any common carrier subject to the provisions of this Act, in contravention of the provisions thereof, may apply to the Board by petition, which shall briefly state the facts; whereupon a statement of the complaint thus made shall be forwarded by the Board to such common carrier, who shall be called upon to satisfy the complaint, or to answer the same in writing, within a reasonable time, to be specified by the Board. If such common carrier within the time specified shall make reparation for the injury alleged to have been done, the common carrier shall be relieved of liability to the complainant only, for the particular violation of law thus complained of. If such carrier or carriers shall not satisfy the complaint within the time specified, or there shall appear to be any reasonable ground for investigating said complaint, it shall be the duty of the Board to investigate the matters complained of in such manner and by such means as it shall deem proper.

(2) If, after investigation of a complaint made as provided in the previous sub-section, the Board shall determine that any party complainant is entitled to an award of damages under the provisions of this Act for a violation thereof, the Board shall make an order directing



the carrier to pay to the complainant the sum to which he is entitled, on or before a day named.

(3) It shall be the duty of every common carrier, its agents and employees, to observe and comply with such orders.

(4) Any person may maintain an action in any competent court for damages in respect to any act in contravention of the provisions of this Act or by any order made under this section.

(5) All complaints against carriers subject to this Act for the recovery of damages, not based on overcharges, which may be awarded by the Board pursuant to sub-section 3 of this section, shall be filed with the Board within two years from the time the cause of action accrues. The term 'overcharges,' as used in this section, shall be deemed to mean charges for the transportation services in excess of those applicable thereto under the tariffs lawfully on file with the Board.

The cause of action, in respect to shipments of property, shall, for the purposes of this section, be deemed to accrue upon delivery or tender of delivery thereof by the carrier and not after.

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MR. COVERT: Q. Now, Mr. Brown, would you turn to page 2 of the submission, the first paragraph. You set out four principles of policy of transportation regulation?

A. That is true.

Q. In the first you say:

"That the inherent advantage of each class or type of carrier should be recognized and preserved."

Now, I gather from subsequent parts of your brief, you suggest these principles should be in statutory form; is that correct?

A. That is the idea.

THE CHAIRMAN: Q. Perhaps you had better tell us what is meant by "each class or type of carrier"?

A. Well, I would be glad to explain what I had in mind there. There are railways, there are motor carriers, there are carriers by air and carriers by water. All of these we have in mind. The advantages of each should be recognized, we believe, by the Government having particular jurisdiction -- the Federal Government or the Provincial Government, as the case might be.

MR. COVERT: Q. When you say inherent advantage", I suppose you mean, for example, that trucks have certain advantages over railways?

A. That is right.

Q. Now, would it not be rather difficult to determine what particular carrier had an advantage?

A. Perhaps I could answer in this way, to say that if a statement is made in any legislation that that will be done, then it is up to the administrative body in dealing with those matters to see that any advantages of





that kind inherent in the particular class of carrier shall be preserved. In other words, they should not try to tie up one with the other necessarily -- each one on its own feet.

Q. Then would that mean, Mr. Brown, that the recognition and preservation would go so far as to say that this carrier has an advantage over another carrier for a certain type of work, and therefore this carrier shall do that work?

A. It might finally work out that way, but in the meantime it seems to me if it is recognized by the administrative tribunal, certain adjustments that may be made in the service, in the provision of service or the assuring of service and in the rates, will all be taken into consideration in deciding whether or not a particular class of carrier or a carrier shall do certain things; but by this reference, which is very broad, of course -- and I quite appreciate from your question what you are trying to get down to -- we do not intend to tie things up too tight, because we do not believe that tying things up too tight is a good thing.

Q. I suppose what might appear to be an inherent advantage at one time might well change with changing conditions?

A. It might, that is quite true. We do not suggest even that you shall keep on doing the same thing over and over again if changes in conditions warrant something else.

Q. You do not mean, for example, that the regulating body would say, "Well, now, trucks can carry goods for a distance of two or three hundred miles better than the



railway, faster or better, and therefore they will do that business?

A. No, we do not want it too tight.

THE CHAIRMAN: Q. That is, you do not want to apportion the business between the different carriers?

A. No, excepting where that is --

Q. You do not want to eliminate competition among them?

A. That is right -- but reasonable competition; reasonable competition we believe is a good thing.

THE CHAIRMAN: You do not want unreasonable competition.

Mr. Covert, is that not something which the British Columbia authorities apparently are guided by in licensing trucks, according to what they told us there?

MR. COVERT: You mean that they --

THE CHAIRMAN: They consider whether there ought to be a service.

MR. COVERT: Yes, they do that, Mr. Chairman. My understanding is, they must get a certificate of necessity and convenience, and that is what I propose to deal with next, which is the second paragraph. He says:

"That each carrier must secure an authorization, sometimes called 'A Certificate of Necessity and Convenience,' before it may operate a service."

Now, what I wanted to find out from Mr. Brown was, when they apply for that certificate, whether this inherent advantage is one of the things that should be taken into consideration.

THE WITNESS: I certainly believe so; that is the



idea. That is, the inherent advantage is the first step. The legislation should in some way indicate that that should be done. We have no example in Canada to which I can point in our Railway Act, but in the United States they have.

MR. COVERT: Mr. Chairman, the point does worry me a bit, because I do not think that it is quite clear, and I did want to question a little further on it, because it appears to me that you might grant a certificate of necessity and convenience for instance to a trucking line in competition with a railway, because the Board would say, "The public does need this, and it would be convenient," and if they took into consideration the inherent advantage they might say, for instance, that this truck line can pick up the goods and take them faster, or it can operate on a schedule which is not covered by the railway, and that trucking line might build up in that area. Then conditions might change, and you might say, as to this certificate of necessity and convenience, that it was necessary and convenient at that time; now, shall we cancel this now when conditions change?

THE CHAIRMAN: For instance, if a railway should go into it.

MR. COVERT: Yes, I think perhaps that is a much better case.

THE WITNESS: Do you wish me to answer that in some way?

MR. COVERT: Q. Yes, if you would.

A. Well, as I see it, these matters are questions of fact which need to be developed in individual cases.





The thought is to set down certain broad principles, then the administrative body attempts, by the process of getting all these facts, and giving everybody an opportunity of being heard, to decide these matters, bearing in mind the admonition at the start to bear in mind the question of preserving the inherent advantage. It seems to me that what is happening today in the provinces -- as you say, Mr. Chairman, out in British Columbia I think they do handle the matter in that way; they deal with each certificate; they ask parties interested to appear before them and discuss the matter -- they do the same in Ontario before the Municipal Board -- and then finally after considering all of these facts they issue a certificate.

COMMISSIONER INNIS:Q. This would be annual?

A. Yes, that is the way in which it has been handled in the provinces so far, on an annual basis.

MR. COVERT: Q. They would come each year before the Board for the renewal of that certificate?

A. Yes. Of course, the renewal is undoubtedly more or less perfunctory to some degree, but if anything has happened in the meantime to indicate that there is something serious to be considered, they would of course consider that.

Q. I can understand that dealing with the certificate of necessity and convenience, Mr. Brown, but what I am puzzled about is whether or not such things as the inherent advantage should be a statutory principle, or whether the ordinary economy of the country will not look after that better in itself without making it statutory?

A. Well, I might say that our committee thought this



would be better, to have something set.

COMMISSIONER ANGUS: Q. Would you apply that second principle to railways as well? -- I mean, asking for an abandonment of the line if service would be better performed by trucks?

A. When they ask for an abandonment of line?

Q. No; I am going to ask if your regulatory authority would insist on abandonment of the line if the service would be better performed by truck?

A. Well, as I understand at the moment, sir, the federal authority has jurisdiction over the railways but the provincial authorities have jurisdiction over the trucks, so really I do not know just how the provincial authorities could do much about it.

Q. Well, is this confined to provincial authorities?

A. No, this is not. This is a general statement of principles in regard to all classes of carriers; but what I am pointing out is that the regulation of motor carriers at present is only in the hands of the provinces, and they have no jurisdiction except in one or two minor cases over railways, therefore they could not, as it were, say that the railway shall abandon a line, because they have no jurisdiction. The Federal Government or the Board of Transport Commissioners would be the only body that could do that.

Q. My question is, are you suggesting that they should do it? I mean, the Dominion authority regulating railways would appear to be covered by your second principle and, if it is, do you suggest that it should, as it were, deal with the certificate of necessity and convenience for branch lines and so on, and consider whether they ought to be superseded



by trucks?

A. Well, they might consider that, that is true; even the Board of Transport Commissioners on the abandonment of lines might consider that.

Q. I am asking if your second principle asks that it should be advised to?

A. Yes. Well, it is pretty hard to say without the facts in each case to be considered. In the meantime, I could not very well say that I would want to tie it down to anything other than the fact that the administrative tribunal would deal with each case as it came before them on its merits. Now, they might go as far as you suggest; I do not know.

MR. COVERT: Q. I think perhaps, Mr. Brown, Dr. Angus says you lay down a principle?

A. Yes.

Q. That is, the inherent advantage of each class or type of carrier should be recognized and preserved?

A. Yes.

Q. Now, if you carry that forward to its logical conclusion, would not that include the abandonment of a line if there were another type of carrier that had an inherent advantage to do that business, so that it could do it better than the railway?

A. Well, once the line has been established, I think the administrative tribunal, if I may put it that way, would be very careful not to, as it were, put that fellow out of business.

Q. So perhaps there would be a qualification of the principle of that inherent advantage; that would be one of





the things that would be taken into consideration?

A. It might have to be, it might have to be.

THE CHAIRMAN: We have the case, you remember, in British Columbia, where an application for a trucking licence was refused on the ground that there was already an efficient railway service in that locality.

THE WITNESS: That is true.

THE CHAIRMAN: And there was no necessity for this other service.

MR. COVERT: That is right.

THE CHAIRMAN: I think that Dr. Angus' question is addressed to the converse: would you then in a similar case deny to the railway the right to carry traffic when it is already being carried efficiently by trucks?

MR. COVERT: I understood that he dealt more with abandonment.

THE CHAIRMAN: Well, that would be abandonment,

COMMISSIONER ANGUS: Considering the further case, that if a trucking service were found to be no longer necessary it might be asked to withdraw, would that principle too apply to a railway?

MR. COVERT: Q. Then, Mr. Brown, your third principle is:

"That the services and rates of such carriers must be reasonable and free from undue preference or unjust discrimination."

Now, --

MR. O'DONNELL: Is there any answer to Dr. Angus' question?

MR. COVERT: Q. Mr. O'Donnell is asking whether



there is any answer to Dr. Angus' last question.

A. I thought I had done the best I could with it.

MR. COVERT: That is what my impression was.

THE WITNESS: That I had completed that; I don't know.

MR. COVERT: You then restated the proposition.

COMMISSIONER ANGUS: Q. I restated it in order to amplify what the Chairman had said in connection with an example, and I think your answer is, as I understand it, that you really thought that the circumstances of each case were so important that you would not care to lay down a general principle, and that therefore this general principle does not really apply.

A. You mean No. 1 or No. 2?

Q. No. 2.

A. Well, I hope I have not kicked that out of the window, because I think that is very important. The railway companies now under the Board of Transport Commissioners are required to do that, but of course the point about it is that we look at it realistically; the railways are here and they are established and they have been for a long time, and there is not likely to be any great building of railways at the moment, while a trucking service might well be a much more flexible proposition.

THE CHAIRMAN: Has the Board of Transport Commissioners anything to do with the building of a railway?

MR. O'DONNELL: They approve the plans and profiles.

MR. COVERT: My understanding, Mr. Chairman, is that they must approve the plans, and then I think under



section 276 of the Railway Act it deals with the opening of the railway for traffic, inspection and leave of the Board. What Mr. Brown, I think, is referring to, is the latter subsection of that section, where it says:

"The Board, upon being satisfied that public convenience will be served thereby, may, after obtaining a report of an inspecting engineer, allow the company to carry traffic over any portion of the railway not opened for the carriage of traffic in accordance with the preceding provisions of this section."

THE CHAIRMAN: Well, that is an exceptional provision. Unless we know what the preceding provisions are we will not understand that.

MR. COVERT: The first subsection provides, Mr. Chairman, that the leave of the Board is necessary for the opening of a railway:

"No railway, nor any portion thereof, shall be opened for the carriage of traffic, other than for the purposes of the construction of the railway by the company, until leave therefor has been obtained from the Board, as hereinafter provided."

THE CHAIRMAN: I understand that, but, you see, that seems to imply that the authorization to build a railway is granted, by Act of Parliament, or otherwise, and then the question is, is this railway ready and competent to start carrying traffic and passengers? The Board is to determine that. But it implies that at some time the railway is going to be ready and prepared to carry traffic; the authorization to build the railway,





however, does not come from the Board.

MR. O'DONNELL: It comes from Parliament.

THE CHAIRMAN: Q. You mean to say, Mr. Brown, do you, that the authorization to construct the railway should not be granted until it is first ascertained that there is a necessity for the railway in that particular locality? That is the present law?

A. That is the present law, of course. They put a bill before Parliament, and they consider it.

THE CHAIRMAN: That bill goes to the Railway Committee of the House, and all these things are raised and questioned there and finally decided there. Sometimes a charter is granted, sometimes it is not. Then the Canadian Pacific has special rights, I think, under its charter, has it not?

MR. SINCLAIR: Only in regard to branch lines off the main line.

THE CHAIRMAN: Yes, but it is branch lines that are important here.

MR. SINCLAIR: But there is also the question of the Board's power to approve or disapprove the location of the line under the plans being filed.

THE CHAIRMAN: When the plans are filed, yes.

MR. SINCLAIR: Yes; so they have control in that way.

THE CHAIRMAN: What section is that?

MR. O'DONNELL: Sections 167, 168 and following.



THE CHAIRMAN: I suppose what Mr. Brown means is when these things are being attended to, and plans are being approved, and so on, the services already existing in that same locality by trucks, we will say, ought to be taken into consideration.

THE WITNESS: Yes.

MR. SINCLAIR: To complete it, you might also make reference to section 165A on the abandonment. That would cover Dr. Angus's point. It does not cover it completely, but whatever there is --

MR. COVERT: The general sections, Mr. Chairman, dealing with the powers of construction of railways, and general powers, are 161, 162. Section 166 deals with the commencement of work; section 167 with the location of lines, and section 168 with the plan, profile, and book of reference, and so on. Abandonment is dealt with in an amendment, chapter 47 of 1933, section 165A.

THE CHAIRMAN: What does it say?

MR. COVERT: "The Company may abandon the operation of any line of railway with the approval of the Board, and no company shall abandon the operation of any line of railway without such approval."

THE CHAIRMAN: That is voluntary with the company.

COMMISSIONER ANGUS: Q. Are you suggesting any amendment to the Act?

A No, I am not. In so far as the Railway Act is concerned we are quite content with it.

THE CHAIRMAN: Q. You think these new



considerations should apply when it is proposed to open a railway, the consideration of whether or not there is already another service established there, truck service, water service or air service?

A I think those matters should be taken into consideration.

Q That is the element you would introduce?

A Yes.

MR. COVERT: Q. The third principle set out on page 2 of the brief reads:

"That the services and rates of such carriers must be reasonable and free from undue preference or unjust discrimination."

I suppose you adopt those words, "undue preference or unjust discrimination" right from the Railway Act?

A Yes.

Q My understanding from your brief is that you are satisfied with those words as they have been in operation under the Railway Act?

A Quite so.

Q You say that should apply to all forms of carriage?

A Yes.

MR. FRAWLEY: Is it satisfactory with the interpretation which the Board has placed upon them?

MR. O'DONNELL: That is what he said.

MR. COVERT: Q. I was about to ask you if you thought they had been sufficiently defined by decisions of the Board of Transport Commissioners. That may be an unfair question to ask you.





A I know there are a number of decisions that have been issued by the Board of Transport Commissioners on these questions, a great variety of things, but so far as we are concerned, the transportation committee of the association, we have not seen any reason for suggesting any adjustment.

Q I thought that was the view that you took. Now, you are referring there not only to rates but also to services. You say that the services of such carriers must be reasonable?

A Yes.

Q I expect it is the word "reasonable" that you are applying to the word "services"?

A There could be unjust discrimination in the case of a railway company particularly, and perhaps also with some other carriers by reason of giving one shipper cars when they did not give them to the other, or something like that.

Q Now, would that principle include, for example, that railways and trucks providing the same services should be paid the same rates?

A I do not think we could take it that far. As we say, getting back to the idea of the inherent advantage, and so on, I think what we should say is this, that each stands on its own feet ratewise or servicewise. True there are tie-ups and rates are the same, but that brings in the competitive angle. It may be that a particular carrier may want to have higher rates, but it has to keep them lower in order to meet the competition of somebody else.



Q Under this principle would you make trucks, for example, travel by definite schedules the same as railways?

A What we have in mind is that we believe it is better to publish the rates of carriers and have them in the open rather than to have them not published. That is one of the things we have advocated in our representations to the provinces respecting the regulation of rates. As to what those rates are, that is a matter of fact to be developed in individual cases, and it may well be that numbers of carriers would adopt certain types of rates or tariffs to be used by those carriers, just as the railways have done. They may do that, not as to the quantum but as to the system or method.

Q They would file those with the governing body?

A Yes.

Q They would have to be subject to approval by that body?

A As to the extent. We have not gone so far as to say they have to be approved, except possibly maximum rates, which is required in the case of the Railway Act. The Railway Act requires only approval of maximum rates and the classification. With regard to the rest they file them and they are open to attack.

Q I gathered you wanted these other forms of transport treated in the same manner as the railways because later in your brief you say that the Railway Act works fine with the exception of one proposed change which you have to offer, and my understanding is that you suggest that it be a model for a statute which would govern other



forms of transport?

A Yes, that is right; we agree with that.

Q So then you would put these other forms of transportation on the same basis of having to supply reasonable services, and if that Board found it proper, for example, they would say, "you shall run on schedules the same as the railways"?

A Yes.

Q Have you in mind, Mr. Brown, that the other forms of transportation should be treated this way so that they do not provide unfair competition to the railways? Is that what you have in mind?

A I do not think we have stated that very definitely here, but as to those words "unfair competition" some would say it is unfair and some would say it is not unfair. I think our committee rather felt they did not want to go that far at the moment, and would rather leave that open. They think if there is regulation of the carriers along the lines suggested here that will in itself, as it were, create a condition that will be of mutual advantage to all concerned, the shippers and others taking an interest in the matter.

Q Now, I take you to your principle No. 4.

COMMISSIONER INNIS: Q. Before you do that, do you think you can interpret "inherent advantage" with sufficient precision to enable you to say whether there is undue preference or unjust discrimination?

A I don't know that I could myself at the moment, and I don't know that those two things actually tie in. What we have in mind in the question of unjust





discrimination or undue preference is the matter of a particular carrier doing a certain thing.

Q Doing something which is not an inherent advantage?

A Well, I do not think our committee had that in mind. I do not think they tie those two together that way.

MR. COVERT: Q. Mr. Brown, coming to your fourth and last principle you say:

"That the administrative tribunals or boards should be clothed with adequate powers, staffed with experienced personnel and be independent in dealing with matters falling within their jurisdiction."

Now, this seems to contemplate that you would have more than one board dealing with these matters?

A Yes, because we are thinking in terms of the present situation with respect to motor carriers where you have one in each province.

Q You are not suggesting that perhaps there should be an amendment to the British North America Act, if one is required, to bring them all under one body?

A No, we have not done that. We have made representations on that very question as to jurisdiction, and so on. We have made representations on several occasions, and they have been directed towards the idea, in regard to motor carriers particularly, that the jurisdiction of the provinces is so broad, including the fact that they, as it were, own the highways over which these people operate, that if the various provinces would



get together and adopt a uniform system of regulation that that would probably satisfy the situation to a very large degree. Now then, in regard to international and interprovincial, we know that the jurisdiction would be with the federal government. There is nothing at all yet, and there are no great complaints, as I understand it. The complaints I am talking about are some that have been in existence for some time, perhaps not recently, but in times past when we made these representations.

The difficulties that have been experienced have been largely intra-provincial. There are, of course, movements interprovincially and, of course, the jurisdiction there, as it stands at the moment, would be federal. It is up to parliament to decide whether they want to handle that. We are not advocating that. We say, "get the provinces together this way, and then if the federal government wants to go further than that and consult the provinces they can do so." In fact, this particular statement A which is attached was presented to one of those conferences between the federal government and the provinces.

Q I propose to deal with some of the **points** raised in that, but what I want to make clear is that you do contemplate other boards?

A That is right.

Q That is chiefly because of the matter of jurisdiction in the various provinces over trucking?

A That is right.

Q Does this principle indicate that you also anticipate different tribunals and boards dealing with other



forms of transportation?

A May I inquire - you mean in the case of air carriers there is a separate board, and in the case of certain types of water carriers there is a separate board?

Q Yes.

A We are not, as I see it -

THE CHAIRMAN: Q. What do you say about water carriers?

A Water carriers -- the Maritime Commission deals with certain matters.

Q With certain matters?

A Yes. The Board of Transport Commissioners deals with certain other matters. There you have a board dealing with rail and water as well.

Q What about the Maritime Commission? Do you think their powers as at present set out, are comprehensive enough.

A I do not think that our committee has considered that point yet. I would not like to offer any particular observation on it at the moment, if it is possible to answer in that way. If I may be permitted to say so, I think the Commission itself, and perhaps the Department of Transport, have in mind that there may be some further extension of jurisdiction than they have at the moment.

MR. COVERT: Q. But in your view, Mr. Brown, you are not suggesting that the air and water and the railways should all come under one body, and the trucking under several different bodies because of provincial jurisdiction?

A We do not think that is essential.





Q You do not think it is essential?

A No, as long as they work along the same lines and principles.

Q That is your main point, that they should adopt the same principles, the first three principles you have here?

A And if they adopt those principles would you suggest that they would need any coordination there?

A You mean in dealing with individual cases?

Q What I was thinking of first was that it has been suggested that there should be a coordinating body for the whole, and perhaps there should be an appeal from the decisions of the body, so that any uniform principles will be coordinated, or perhaps the coordinating body will act as the appeal board which will make for uniformity in the method of operation or dealing with these matters?

A I do not think we go that far.

Q You just say they will look after themselves if they follow the same principles?

A Yes.

Q In connection with that you say, "clothed with adequate powers." I gather from your brief that you would be satisfied if they had the same powers as the Board of Transport Commissioners now has?

A We believe so.

Q Except reparations?

A Which, of course, they would have to have eventually.

Q Then you say, "staffed with experienced personnel." Would you like to elaborate on that?



A We believe that in dealing with a subject such as this that it is very essential to have people who thoroughly understand these matters employed by the tribunal or administrative body. It would also be very helpful if the members of the body themselves are somewhat familiar with the subject. I quite appreciate that in administrative bodies one would like to have, as is found to be the case, a man of the calibre of a judge or something like that to head the commission. That is always considered quite wise. Many questions of law have to be discussed.

COMMISSIONER INNIS: Q. You are not implying that the Board of Transport Commissioners has not an adequate staff of experienced personnel?

A We consider they have so far as we know.

MR. COVERT: Q. In other words, what you say is that these other tribunals governing other forms of transportation should be set up in the same way as the Board of Transport Commissioners is, should be adequately staffed as they are. There is one other principle there. You say they should be independent. Independent of what or whom?

A It should be an administrative body with the power to be able to go ahead and do everything they need to do. I know in the case of the Board of Transport Commissioners there is an appeal to the Governor in Council. You might say that changes that independence a little bit. Probably it does, but they have been fairly independent.

Q Do you think there should not be an appeal to



the Governor in Council?

A We have not gone that far, independence up to that point. We take the Railway Act and the present jurisprudence. We think that is a good situation and that it should be followed by others.

Q On that same page, just following the last of your four principles, you say:

"The Railway Act gives expression in statutory form to the foregoing principles and there is submitted herewith in the following numbered items a brief description of the pertinent sections of that Act."

You look to that Act, I suppose, as confirmation of your views?

A Yes.

Q And even if the Railway Act did not contain those principles which you have set out, you would say those principles should be adopted?

A I think the answer to that is very simple. It has been in existence for a great many years. Some of the basic principles you have here are found in the Railways and Canals Act of 1854, I believe it is, over in England. That is where they get it. There has been jurisdiction, and there has been an administrative body dealing with these matters. We take that long experience and we look at it and we say, "what is wrong with that? Is there anything wrong with that? No, that looks all right to us." We believe that is proper so we adopt that, and that is the basis on which it is adopted, experience.





Q And even if those principles were not in the present Railway Act you would still think they should be adopted?

A That is pretty hard to say whether I would or not because if I had something else I might think something different. I don't know.

Q For the record, in paragraph 2 on that page you mention section 317(a) (b) and (d). I wonder if that is meant to be section 312?

A I don't know. I will have to see the Railway Act to find out whether that is what I meant or not. Sometimes they make errors.

Q You had the same thing in your printed representation made in 1944, but it seemed to me it should be section 312 to which you refer. In section 317 there is no (a) (b) and (d) at all.

A That is probably what that is. It is a typographical error, and it has been carried on through.

Q Now, if you will look at section 312 --

A Yes, we are using to some extent the language of that in this statement. It is sort of summarizing, a sort of summarization, we hope, of these particular subsections mentioned.

Q Now, I take it that 2, 3, 4 and 5 are really to carry out the principles set out in No. 3 above?

A Yes.

Q And No. 1 is public necessity and convenience. I do not think the Railway Act uses --

A It uses the word "convenient" and we thought that was as near as we could get it to it, and we would pick



that because it did certain things of that character.

Q You really get "public necessity and convenience" from the fact that that is the usual provision, I believe, in the case of public utilities generally?

A Motor carriers and so on.

Q Now, there is nowhere in the Act that you can find that inherent advantage, is there?

A No, there is not. We have not anything like that.

Q I ask you that because you have said that the Railway Act gives expression in statutory form to the foregoing principles which would include that inherent advantage, but there is nowhere in the Act that you know of --

A No, I do not know of any such statement.

Q Now, at the top of page 3 of your brief you refer to your 1944 submission to the dominion and provincial governments. That is statement A attached to the brief. You say that this statement or submission contains your objection to certain provisions of the Transport Act of 1938, and the Aeronautics Act?

A That is right.

Q If you will look at the second column in that statement A of your brief --

A I have it in the mimeographed form. Would you like to have a mimeographed copy? It may be better to follow. We ran out of the printed copy.

Q Mr. Chairman, if you have it attached to your brief in printed form I think perhaps it would be easier to refer to that because I think we all have it in printed form. Have you the printed one?



A No, I have not it.

COMMISSIONER INNIS: Could you read the beginnings of the paragraph I think we can find it easily enough.

MR. COVERT: It follows the four principles. He has them set out here again.

THE CHAIRMAN: The enumeration of the four principles.

MR. COVERT:<sup>Q.</sup> It follows the enumeration of them, and reads:

"It is earnestly submitted that these principles must underlie all legislation and regulations dealing with transportation in Canada. Any departure therefrom cannot prove other than detrimental to our national economy."

Then in the following paragraph you suggest that agreed charges as laid down in part 5 of the Transport Act are bad, "inasmuch as practices contrary to the foregoing principles are therein sanctioned."

A Yes, we took that position before the committee of the House when this matter was dealt with. We presented a brief, placed all our representations before that body, and the matter was discussed. I have not a copy of that submission here.

THE CHAIRMAN: Q. The provision about agreed charges is only in the Transport Act, not in the Railway Act?

A That is right.

Q It is section 35. I think it would be important to find out what the objections are to this.





MR. COVERT: Q. Mr. Brown, can you tell us just what are the reasons why you object to the agreed charges, and wherein they fail these principles?

A Perhaps I can give you a rough idea --

Q Perhaps I should first ask you if the Canadian Manufacturers Association still feels the same way about it today in presenting this brief? You have attached this, and I presume it is a part of your submission?

A Absolutely; this is our statement, and they still believe that. There may be individual members who feel otherwise, but we are dealing with the matter in that broad way. If we have a copy of the brief I will be glad to supply it to the Commission, but as I recall it what we felt about this agreed charge proposition was that it proposed to establish rates that would apply in connection with the movement of traffic from one person, and depending on how much traffic he gave. It is true that by the time we finished the discussion of this particular measure that there were some amendments made, and that the question of unjust discrimination was more clearly defined so that now a person who will agree to the same terms may come into the picture, but our committee still does not believe that is a satisfactory way to make rates. They believe it should be published in tariff form open to everybody, and each shipper who wishes may ship his product in the quantity specified either less than carload or lcarload, and not on the basis of tonnage.

THE CHAIRMAN: Q. Without entering into any agreement?

A Yes, that is our idea.



Q. I gather your suggestion is that a person should not be able to sit down with the railway and come to an agreement, for instance, to haul the traffic?

A. That is right.

Q. Even though your competitors can do the same?

THE CHAIRMAN: Q. Mr. Brown says that it is all right for a shipper to do that, provided the traffic rates are open to all shippers?

THE WITNESS: That is right.

THE CHAIRMAN: Q. But wouldn't that destroy the benefit of the agreement?

A. That is what we do not like about an agreement, because it enables a person with a lot of traffic to make a deal with the railway company.

There are lots of shippers located in smaller places who could not go and make a deal on the same terms, because they could not handle that traffic.

Q. What would they be interested in?

A. They would be interested in shipping at l.c.l. for certain distances, whether they have 100,000 pounds or 500,000 pounds. In other words, if they have a carload, they can get a carload rate, without an agreement or anything else.

Q. You say they can still get that?

A. They can still get that. But the point is while their competitor, the larger competitor, can go to the railways and get an agreement, the smaller man may not be able to get into that agreement at all, because he may not be able to give them the terms.



We thought that the smaller shipper might be prejudiced by that.

Q. Have you any cases where the practice has turned out to be to the prejudice of a smaller shipper?

A. So far as I know, we have not had anybody complaining about that, because, perhaps, there have not been very many agreements. Even some of the larger shippers have not made many agreements, because, I think, they did not want to tie their hands.

Q. But there have been some agreements made?

A. Yes, there have been some agreements made.

MR. COVERT: Q. You say that a large manufacturer, or a large shipper, might be able to enter into an agreement, although someone else in the business has the right to come along and say: I want to have the same thing, but you cannot do it because he has not got the volume to ship?

A. That is right, because he might not be able to take the same terms.

Q. According to subsection 3 of section 35 of The Transport Act:

" An agreed charge shall be made on the established basis of rate making and shall be expressed in cents per hundred pounds or such other unit as the Board may approve; and the carload rate for one car shall not exceed the carload rate for any greater number of cars."

A. That is right.

Q. Would that not afford protection?

A. If the smaller one can come into the picture





and accept the same terms. But the question arises as to whether he could or not.

Q. That was the main principle violated by that: that someone can be discriminated against?

A. That is right. We thought it was opening the door to the breaking down of that class of undue preference.

THE CHAIRMAN: Subsection 9(a) of that same section 35, Mr. Covert?

MR. COVERT: Yes, Mr. Chairman. Subsection 9 of section 35 of the Transport Act reads:

"Where the Board has approved an agreed charge without restriction of time:--

- (a) any shipper who considers that his business has been unjustly discriminated against as a result of the making of the agreed charge,
- (b) any representative body of shippers, and
- (c) any carrier,

may, at any time after the expiration of one year from the date of the approval, apply to the Board for the withdrawal of its approval of the agreed charge, and, upon any such application, the Board may withdraw, or refuse to withdraw, its approval, or may continue its approval subject to such modifications being made in the charge as it thinks proper and as the carrier and the shipper to whose goods the charge is applicable are prepared to agree to:"

That section refers to the shipper only.



THE CHAIRMAN: The shipper, himself, who has made the agreement; is that it? It says:

"Where the Board has approved an agreed charge without restriction of time. . . ."

I suppose that means that the shipper who has entered into that agreement wants to have it ended; and if the agreement is not limited as to time -- and he wants the Board to put an end to it -- isn't that what it means?

MR. O'DONNELL: "Shipper" means any shipper.

MR. COVERT: My understanding was that you have an agreed charge, and then you have a fixed charge for the other shipper who comes in.

THE CHAIRMAN: Let us suppose: here is somebody who applies to the Board for the withdrawal of its approval of the agreed charge, that is, of such an agreed charge made without restriction of time between the shipper and the railway company. Probably it is not only meant to give relief to the shipper who has made an agreement and wants to have it ended ---

MR. O'DONNELL: I think it is any shipper who can show that he has been aggrieved by it.

THE CHAIRMAN: Although he may not be a party to it?

MR. O'DONNELL: I thought so, because they could make an agreed charge for a time, and they may make one without limit. And in the case of an agreed charge made without limit as to time, then this Section 9(a) and the following, come into play.

THE CHAIRMAN: In whose favour?



MR. O'DONNELL: In favour of any shipper, and any shipper, as defined in section 2, subsection (1), means:

"(1)" 'shipper' means a person sending or receiving or desiring to send or receive goods by means of any carrier to whom this Act applies."

THE CHAIRMAN: Would it include the shipper who, himself, has made an agreement?

MR. O'DONNELL: No. I think it is meant to take care of the case of a shipper who has not got the benefit of the agreed charge. He may come and ask for it to be cancelled after a year, if he can show he is being affected by it.

THE CHAIRMAN: In such a case, then:

" . . . the Board may withdraw, or refuse to withdraw, its approval, or may continue its approval subject to such modifications being made in the charge as it thinks proper and as the carrier and the shipper to whose goods the charge is applicable are prepared to agree to: . . ."

MR. O'DONNELL: That is right. And the shipper to whose goods the charge is applicable is different from "shipper" as such.

THE CHAIRMAN: So you always have an agreement there?

MR. O'DONNELL: Oh, yes.

THE CHAIRMAN: Then what about the outside shipper?

MR. O'DONNELL: He is taken care of by subsection (6), and if he wants to have a fixed charge





set in his favour, he can do so.

THE CHAIRMAN: By coming into an agreement?

MR. O'DONNELL: By getting the benefit of the same terms.

THE CHAIRMAN: But he then must comply with the terms themselves?

MR. O'DONNELL: He must comply on such conditions as shall be fixed in his case by the Board.

THE CHAIRMAN: In his case. That is, only if the Board is satisfied that he has been unjustly discriminated against.

MR. O'DONNELL: Yes.

THE CHAIRMAN: It may fix the charge?

MR. O'DONNELL: Yes, including the conditions to be attached thereto.

THE CHAIRMAN: Which would remove the unjust discrimination?

MR. O'DONNELL: That is right.

THE CHAIRMAN: But apparently Mr. Brown's Association thinks that even with this safeguard, the whole idea of the Act is objectionable.

THE WITNESS: The agreed charge features.

THE CHAIRMAN: Q. You think they should be abolished?

A. That is their opinion.

MR. COVERT: Q. Is that one of the reasons why you would say that truckers should be regulated and that they should not be allowed to have agreed charges?

A. I do not think we said that.



Q. Do not the truckers do what the railways do under agreed charges, now, without any restrictions?

A. Surely. The truckers frequently charge rates which unjustly discriminate. There are no regulations that you can attack. All you can do is to go to the trucker and try to fix it up.

THE CHAIRMAN: Q. You mean -- ?

A. In the Province of British Columbia, for example, where they do have more or less full jurisdiction, a question of that kind can be brought to their attention and the matter can be corrected.

MR. COVERT: Q. You do not think a trucker should be able to say to a shipper: If you give me all your business, I will give you a better rate?

A. No, we do not.

Q. And therefore regulation of trucking would include the prevention of such a thing?

A. That is right. But if one class of carrier has an agreed charge, they could probably claim that they should have it, too. It is up to them to make that plea.

Q. Would it be fair to say that as long as the railways are able to do it, the truckers should be able to do the same?

A. That is the basis upon which, I think, the railways do it everywhere. But we do not think so.

The railways have to meet this situation, and they have been meeting it before, by the process of making competitive rates. They claimed, of course,



that that was not good enough; that it did not tie things up enough. So they wanted this thing to tie it up. But whether it will or not, I do not know, because there are not very many agreements.

Q. So that is your objection, that it may result in discrimination, and therefore it should not be allowed?

A. That is right.

MR. O'DONNELL: This section only comes into play in cases of the making of an agreement, having regard to all the circumstances, where it can be adequately secured by means of special tariffs and tolls, under the Railway Act or this Act.

THE CHAIRMAN: What are you referring to there?

MR. O'DONNELL: Section 35, subsection (1)' reads:

"35. (1) . . . Provided that any such agreed charge shall require the approval of the Board, and the Board shall not approve such charge if, in its opinion, the object to be secured by the making of the agreement can, having regard to all the circumstances, adequately be secured by means of a special or competitive tariff of tolls under the Railway Act or this Act:"

THE WITNESS: That is because they have their agreed charge, and the agreed charge enters in. They have certain rates today, certain things. It is the railways I am speaking of. Therefore, at that time, the Railway Commission, this administrative body is requested to bear in mind that they might do it the same that way. They are surrounded by safeguards; there





is no question about it. There are safeguards. We agreed to it. Then a number of them went in there after we made our representations; but we still do not think it is the best thing in the world.

THE CHAIRMAN: Competing carriers must join?

MR. SINCLAIR: That would be within the jurisdiction of the Board of Transport Commissioners.

THE CHAIRMAN: I would not be prepared to say how far that goes. It says:

" . . . and provided further that when the transport is by rail from or to a competitive point . . ."

That is competition in the way of carriers?

MR. SINCLAIR: They have also said -- the Privy Council has already said that it applied to water carriers.

THE CHAIRMAN: And it applies to truck carriers?

MR. SINCLAIR: I would think not, because the Dominion has no jurisdiction over them. The Act would not be operative in regard to them unless it was an interprovincial carrier; and then it might be applicable.

MR. O'DONNELL: According to section 2, subsection (d), "carrier" is defined.

THE CHAIRMAN: Is that defined in the interpretation part of the Act?

MR. COVERT: Carrier is defined in subsection (d) of section 2.

MR. O'DONNELL: Yes, and it says a competing carrier by rail, in each case, too.



THE CHAIRMAN: It says:

"2. (1)(d) 'carrier' means any person engaged in the transport of goods or passengers for hire or reward to whom this Act applies, and shall include any company which is subject to the Railway Act;"

MR. O'DONNELL: That is right, Mr. Chairman. And in section 35, subsection (1) it also refers to carriers by rail.

THE CHAIRMAN: When the transport is by rail:  
" . . . the Board shall not approve an agreed charge unless the competing carriers by rail join in making the agreed charge."

That is why you say it is comprehensive of railways only?

MR. COVERT: Q. Now, in this same subsection (a), you apparently object to the removal of the regulations of your carriers from the jurisdiction of the Board of Transport Commissioners; and you say that this is also contrary to the principles previously mentioned. It is about the middle of the second column, in the paragraph immediately following.

A. Oh, yes.

"The amendments to the Transport Act, 1948, and the Aeronautics Act . . ."

Q. That is right. It removed the regulation of air carriers from the Board of Transport Commissioners and placed it under the jurisdiction of the Air Transport Board. You think that is contrary to the principles previously mentioned, and what it would have in mind there?



A. Well, I don't know if I can remember all that.

THE CHAIRMAN: Q. You say that this amendment shall be considered and placed before the Government and Parliament?

A. That is right.

Q. Now you say:

"The position taken at that time is reiterated in the sincere belief that many of the provisions of the legislation mentioned are not in the public interest."

What was the situation at that point?

A. As we saw it, perhaps we were not so much concerned with the taking of the jurisdiction away from the Board of Transport Commissioners and placing it under the Air Transport Board; I think we said that was not so serious. But as we saw it, what they were doing was, to some degree at least, taking it away from an independent tribunal and placing it in the hands of a Board which was more or less subject to the Minister of Transport.

In other words, they could do certain things and prepare certain reports and submit them to the Minister. And we say that that tied the thing up so that the Minister had the final say so as to what they could do in a number of matters which, under the provisions of the Transport Act, 1938, the Board of Transport Commissioners could deal with on their merits, and more independently. You might put it that way.

MR. COVERT: It was not so much a question of having them all under one control as what you suggested





is the principle involved, which, you say, in the Railway Act, is not applicable?

A. That question of independent jurisdiction and the matter of placing certain things in the sole jurisdiction of the Minister to say whether or not they should be done.

THE CHAIRMAN: Q. In its working out since, have you received any complaints arising? After all, Parliament did this.

A. I agree to that.

Q. Now, then, it would be reasonable, if you could suggest any complaint which has arisen since the Act was in force?

A. We have not, no, sir.

Q. When was the Act passed?

MR. O'DONNELL: The 1st of July, 1938.

THE WITNESS: No, the other Act, the amendment, I think. It was in the forties, but I am not just sure when.

THE CHAIRMAN: Q. There were several years?

A. Oh, yes.

MR. COVERT: Q. I will find that out for you. It is in this same statement A, at the top of the third column, Mr. Brown. You will find it in the second paragraph after you list the five.

A. "It is submitted that the enactment of these conditions, in statutory form, for the guidance of administrative boards or other authority as well as users and carriers is much



more fair and equitable than by regulations through orders in council. It is sincerely believed that the Railway Act is so comprehensive and has been so satisfactory from an administrative standpoint that it might well be taken as a guide in these matters."

Q. Now, when you make reference to the order in council, I suppose that is along the lines you have just been discussing, that it is left in the hands of the Minister or some other body, other than an administrative board?

A. No. It was not particularly as to that. It was more directed towards some of the legislation which is now in effect in some of the provinces. An order in council is issued by the Minister to bring it into effect.

THE CHAIRMAN: Q. No, no. Orders in council are not issued by a Minister.

A. Excuse me, Mr. Chairman. The Lieutenant Governor in Council, on the recommendation of the Minister. And this order in council set out certain principles of regulation, and we felt what they should do was to put those principles in the Act so that then the administrative body would know that it had to deal with them there, and there it was; and the Minister could not make another recommendation to change any of those principles. In other words, getting back to this matter of independence.

Q. But an Act can be changed as well as an order in council?

A. It can.



Q. You are complaining of Section 35 of the Transport Act and you say it should be abrogated. But it is an Act of Parliament?

A. That is right, an Act of Parliament can be changed.

Q. That is right.

A. And the legislators of the province can change these things.

Q. You are finding objection to an Act of Parliament as well as to an order in council. The fact that you put it into an Act doesn't mean, necessarily, that it is going to be satisfactory?

A. That is right.

MR. COVERT: The suggestion may be that it is more difficult to change an Act of Parliament.

THE CHAIRMAN: Q. But they do it every session; and they would likely do it on the recommendation of the same person?

A. That is quite true.

MR. COVERT: Q. Now, in the same submission, Mr. Brown, at about the third paragraph from the end, you say:

"In carrying out the policy advocated, it is realized that it will be necessary to amend some of the existing statutes in the Federal as well as the Provincial field of jurisdiction."  
Now, when the policy advocated is referred to, I take it you mean the adoption of a national policy of transportation?





THE CHAIRMAN: Hold on. Are you reading the same section all the time?

MR. COVERT: I read the first.

THE CHAIRMAN: I thought you were going on to say:

"In carrying out the policy advocated. . ."  
and so on. Is that right?

MR. COVERT: That is right.

THE CHAIRMAN: How far did you go?

MR. COVERT: I went down to the word "Jurisdiction", about the first five lines, and I would ask him if, when he refers to the policy advocated, he refers there to the adoption of a national policy?

THE WITNESS: That is correct.

MR. COVERT: Q. Based on the principles mentioned?

A. That is correct.

Q. And you say it would be necessary to amend some of the existing statutes in the federal as well as in the provincial field of transportation. I wonder if you would clarify that for us?

A. In the provinces, British Columbia -- to go back to British Columbia -- British Columbia has got a most comprehensive, and probably one which covers these principles most adequately. And working east from that, we find the other provinces have, to varying degrees, legislation of a character, but not anywhere nearly as comprehensive.

While there is a large movement of motor



carriers in Ontario, for example, they have not got any regulation of services and rates. But we, the Canadian Manufacturers Association, and certain other bodies, have been asking the province of Ontario to establish such regulations.

Q. You are saying that all provinces should have legislation, or should amend their present legislation, to enable them to deal with trucking along the same lines as they do in British Columbia; is that right?

A. That is practically the idea.

Q. And when you refer to an amendment of the federal statutes, I wondered if you had in mind whether the Railway Act should include an amendment to it, or should be amended so as to include that principle about inherent advantages. That was your principle No. 1?

A. That would be one of the things, yes.

Q. And you are really addressing your thoughts to first, regulation of railways and trucking. You have not considered other forms of transportation so much?

A. Air transport is regulated by the Air Transport Board. They have to file tariffs; and we can appeal to them on questions of unjust discrimination and so on.

MR. COVERT: I think those are all the questions I wanted to ask on that printed statement A. Now I shall go back to your brief, page 3, the second paragraph, and the last four lines.

Q. You say:

"As a result, the association also believes that waste would be reduced and the evils



of unfair practices eliminated, assuring the sound development of the transportation system in the public interest."

Now, you started out with "As a result", and I understand that if your national policy is adopted and motor carriers are subject to uniform legislation, then these things will accrue?

A. Yes. That particular paragraph deals with motor carriers more than anything else, and bringing them into this same system would, we think, do what we say.

Q. When you say that waste would be reduced, do you suggest that there is waste now?

A. At the time that was written we thought so.

Q. This was written in --

MR. COVERT: This year.

MR. O'DONNELL: April 21.

MR. COVERT: I am talking about the main brief now.

THE WITNESS: That is right.

MR. COVERT: Q. I am not asking you to tell me what the waste is; but what is the nature of the waste, and how does it arise?

A. I think we can probably describe it in this way: A lot of people in the business are doing things with, perhaps, not a thorough understanding of what they should do. And we believe that if the matter is tightened up a bit, they will have to do certain things in a more businesslike manner; and in that way, they would cut out these things which are wasteful. In general that is about the only way I can explain it. But that is the feeling of the members of our committee.





Q. You think the regulation of these motor carriers would bring about better business practices?

A. That is our feeling. They would have to do certain things, keep certain accounts, and have to do things of that character to the extent that they can be done.

In British Columbia where they have gone into all these things, they are trying to do that out there. It is true that it is a slow process. We understand that. But we think the thing to do is to keep on talking about it so that some day something will be done and eventually we will get something out of it which will be worth while.

Q. Do you include in that waste that would be eliminated, duplication of services?

A. To some extent, yes, we would include that, to the extent that there is anything of that character, but as to how much there is, I could not tell you.

Q. And you say, the evils of unfair practices would be eliminated. Just what have you in mind there?

A. The same thing, doing things in an unbusiness-like manner would be an unfair practice and refusing to carry certain goods could be an unfair practice.

THE CHAIRMAN: Q Does that exist today?

A. I think so; I think they still pick and choose to the extent that they can.

COMMISSIONER INNIS: Q. Is that what you have in mind, chiefly?

A. That is one of the things, yes.

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THE CHAIRMAN: Q. They do pick and choose?

A. Yes, in those places where they are not definitely regulated; in fact, even when they are regulated that sort of thing happens.

MR. COVERT: Q. Are there any other types of unfair practices or evils?

A. I don't know that I could enumerate them. It is true that there is what they call rate-cutting, to the extent of putting one fellow in a position where he does not make any money and he goes out of business and he loses his whole investment. I mean, you can carry on rate wars to that extent; that is of course something that has happened for years.

Q. Is that a practice that does go on today, Mr. Brown?

A. Just to what extent it does today I do not know.

Q. That is the kind of thing that you have in mind?

A. Those are some of the things, yes.

Q. If there are others I would like --

A. I would like to be able to tell you, too, but I just cannot remember all of the details of what has been discussed in our committee's meetings. I will do the best I can.

Q. In the next paragraph on that same page, that is, the third paragraph --

A. That is, on page 3?

Q. Yes; you suggest that if a national transportation policy is adopted and statutory obligations are imposed, the administrative body will be able to adequately deal with complaints. Now, is it complaints of unfair practices



and things like that that you have in mind, that there is nobody to whom shippers can go today in the case of carriers who are not regulated?

A. Yes, that is correct, and that, as I say, depends on where you are. In Ontario you cannot do it, and in the Province of British Columbia you can go to that Board and say, "This is an unjust discrimination," and if you make out a case they do something about it. There is nothing like that in Ontario. I do not think it is so in regard to Quebec; I am not sure; they have got some new regulations there that we have not examined.

Q. But that is the kind of thing you have in mind?

A. Yes.

Q. Now, so long as each province did it, even though perhaps they did it differently, it would not have to be a national policy, perhaps, even if there were not uniformity in provincial statutes?

A. Our point about that was that that would be the most satisfactory way to handle it. The provinces, of course, can deal with these matters themselves, but we thought if they got together and decided on certain principles that would be a very satisfactory way.

MR. O'DONNELL: Q. This paragraph we have been speaking of refers to trucks?

A. Yes.

MR. O'DONNELL: Truck carriers.

THE CHAIRMAN: Q. Have you made representations to the provincial authorities along these lines?

A. We have, sir; in fact, just --

Q. With what result?





A. Over a period of many years we have asked them to do these things. They did do certain things. In fact, in 1926 we asked them to pass an Act, which they did. The Act went so far and no farther, and subsequent to that time certain other amendments have been asked for and have been granted, but in regard to the regulation of rates and service we have made representations to the Ontario Government on I think five different occasions, but what has happened is that we have placed all of our information before them, had a number of meetings with the Minister, and just about the time when it looked as if something might be done the Government changed, so we had to do it all over again. The latest we have made has been made to the present Minister, and that was completed I think about six weeks ago; so we are still after it, and we hope we will get something.

COMMISSIONER INNIS: Q. Are your views pretty well in line with the Chevrier Report?

A. I do not think I want to go as far as the Chevrier Report. There are a number of things there we agree with, but there are others we would not, I think.

MR. COVERT: At the bottom of page 3 and the top of page 4 you say that the Board of Transport Commissioners has the necessary power to deal with economic, geographic or other disadvantages; is that a fair construction of that?

A. Well, that is our opinion. We certainly believe they can.

Q. I had understood from some of their judgments that they said that they really did not have that power.

A. I don't know; I don't know of any such situation



as that. They have had them before them, and they have done something about them.

THE CHAIRMAN: Just what power have they?

MR. COVERT: Mr. Chairman, perhaps I might read the paragraph beginning at the bottom of page 3:

"A review and report upon the effect, if any, of economic, geographic or other disadvantages under which certain sections of Canada find themselves in relation to the various transportation services therein will no doubt include, among other things, those freight rate issues which have been raised in complaints before the Board of Transport Commissioners on numerous occasions. These complaints, which allege unjust discrimination and undue preference said to be caused by the difference in treatment by the railway companies in their territorial adjustment of freight rates, are within the jurisdiction of the Board of Transport Commissioners, have in the past been considered by that body and some adjustments made."

Q. Have you some examples of cases where they have made adjustments?

A. Well, the mountain differential is one of them; it has just been removed.

Q. Would you say that that was --

A. Territorial discrimination? Quite clear, no question about it.

Q. Might it not simply have been suggested that the volume of traffic warranted a change, to equalize rates, for example?

A. That is merely removing the cause.



Q. Then you say that that is the type of case that you have in mind?

A. Yes; and then the claim of Alberta that certain things should be done, and the claim of Saskatchewan that the rates on the prairies, for example, are higher than they are in the east and they should be equalized or in some way adjusted in order to remove the unjust discrimination alleged to have existed. Those are things that have come before this Board.

Q. Take the geographical disadvantages --

A. We are not talking about that; we are talking about difference in treatment of the railways in their rate fabric; that is what we are talking about.

THE CHAIRMAN: Q. But you say "geographic or other disadvantages" at the beginning of that paragraph at the bottom of page 3.

A. ". . . will no doubt include, among other things . . ." -- these are only some of the things that will be included in those general words that you see there. "Other disadvantages" -- you can put it, if you like, you can put it right in there. It is not economic, it is not geographic; it is other disadvantages.

MR. COVERT: Q. All I am trying to find out is just what is the meaning of your paragraph here, what you have in mind in stating it. Are you suggesting that there is really no need to inquire into the economic and geographic disadvantages?

A. Oh no, not at all, not at all. What we are saying is that these particular complaints which have been heretofore made to the Board of Transport Commissioners by these





various provinces have been made under the Railway Act and they can be dealt with by the Board of Transport Commissioners. Now, if you --

Q. You say they can be dealt with by the Board of Transport Commissioners?

A. Yes.

Q. That they are dealt with by the Board of Transport Commissioners?

A. Yes.

Q. And as far as you are concerned you say they are dealt with satisfactorily?

A. Well, now, the question is whether or not in the further investigation that the Board of Transport Commissioners will be embarking upon, they can remove the complaints. We don't know; we would have to find that out after the Board has decided the matter; but we believe that the Board has the authority to deal with that particular situation, those complaints, the type of complaints that I speak of here -- if we go back to the words "other disadvantages" -- and we want to keep it within that scope, which is probably the proper thing to do. I can see the point you think I am going beyond in talking about economic and geographic matters which I think the Board have nothing to do with --

Q. I would like to read to you from page 54 in the 30 per cent case or the 21 per cent case, where they are quoting from the judgment in Canadian China Clay Co. v. Grand Trunk, Canadian Pacific and Canadian Northern Cos. It says:



"They are concerned simply and wholly with the question of the reasonableness of the toll which the railway company is seeking to collect for the carriage of a given commodity, irrespective of how it is made, or whence it comes."

A. That is correct. The Board has no jurisdiction --

THE CHAIRMAN: Q. Is your organization suggesting that the jurisdiction of the Board should be continued to be defined in that way?

A. Yes. We do not suggest any widening of the scope of the Board to take in economic or geographic or those matters.

COMMISSIONER INNIS:Q.You think that should be entirely left to Parliament?

A. Well, I think there will be other people, probably some of the provinces, who may be suggesting some amendments to this Commission -- I believe; I don't know.

Q. Well, what do you suggest? You would leave the Act as it is?

A. That is right, correct.

MR. COVERT: Q. The Canadian Manufacturers' Association is happy about the Act except with respect to reparations, and it is happy about the operations of the Board of Transport Commissioners under the Act and with their powers, and you feel that if certain sections of the country are suffering under economic or geographic disadvantages nothing should be done to the Railway Act, no amendment, in order to have freight rates adjusted to relieve those economic and geographic disadvantages?

A. That is right.



Q. That is the view of the Canadian Manufacturers' Association?

A. That is correct.

COMMISSIONER INNIS: Q. Is Dosco one of your members?

A. They are.

Q. They have rather interesting divergent views?

A. That is right. We make that clear, that our members individually can say what they like.

MR. COVERT: Q. That is right; they have made that very clear.

A. Yes.

MR. O'DONNELL: The third paragraph of the brief.

MR. COVERT: Q. That they are not appearing for any one, and that you are just dealing with general principles?

A. Some of our individual members --

Q. Let the chips fall where they may?

A. That is quite true.

MR. O'DONNELL: Some dissenting member.

COMMISSIONER INNIS: Q. You have the word "some" on page 4 in that paragraph which has just been considered, in the last line -- "been considered by that body and some adjustments made."

A. Yes.

Q. Is there anything underneath that word "some"?

A. Well, perhaps what we had in mind there was this, that the adjustments asked for were greater than were given.

Q. Not saying whether they were enough?

A. That is right.





MR. COVERT: In the second full paragraph, the one right in the middle of page 4, you say:

"It will be seen that the foregoing territorial freight rate complaints are matters which are capable of being disposed of by the Board of Transport Commissioners and are in effect before that body in the cases mentioned, and no doubt will be again brought before the Board in the General Freight Rate Investigation for consideration and decision. In the previous General Freight Rate Increases, prior to the so-called 21% Increase Case, the Board by requiring different general increases in one territory as compared with another, has indicated that greater uniformity is a reasonable and proper goal to be sought."

THE CHAIRMAN: Pardon me, I am not sure I understand that -- "the Board by requiring different general increases in one territory as compared with another, has indicated that greater uniformity" --

MR. COVERT: Yes.

MR. O'DONNELL: That refers to the 40 per cent case and the 21 and 22 reduction case.

MR. COVERT: After the order in council saying that the rates in the west and the rates in the east were to be levelled, they gave increases and reductions on slightly different bases in the east and the west; for example, it might be 25 in one and 20 in the other.

MR. O'DONNELL: In the 40 per cent case, 40 in the east and 35 in the west.

THE CHAIRMAN: That was considered to be a step



towards greater uniformity.

THE WITNESS: That is correct; and I believe there are statements in the decisions from the Chief Commissioner when he wrote some of these decisions that indicate that that was something that they consciously made; they intended to do something about that.

MR. COVERT: Q. And you go on -- I do not just follow the purpose of having it in the submission, Mr. Brown; are you indicating that these are matters that this Commission should not inquire into or --

A. We think that these are matters that will come up -- put it this way: can be dealt with in the general freight rate investigation by the Board of Transport Commissioners, and therefore as far as we can see they could be disposed of for that matter by that body. They are rate matters, and, as I understand it, the Royal Commission is not dealing with matters that are under the jurisdiction of the Board, and, that being so, we wanted to make clear what we thought about this situation and to point out certain things. One of them was that the idea of uniformity, to the extent that it is possible to reach such a goal, is something that the Board of Transport Commissioners even has thought well of, and I think in some other place, right here in this same provision, we mention the fact that the railways now thought that perhaps there is something in the idea, so that you have got the railway companies, the shippers, and the Board of Transport Commissioners all thinking along the same lines, and they have full jurisdiction to deal with the matter, so we think that is the proper place to deal with it.



MR. COVERT: Q. In the next sentence you say:

"The General Freight Rate Investigation now underway will have before it for the first time plans of the railway companies themselves designed to bring about greater uniformity in freight rates. . ."

That is what you mean?

A. Yes.

Q. The railways are anxious to --

A. I think they have stated in regard to class rates and perhaps mileage commodity rates -- I am not sure how the exact wording is, but the wording is found in their application for the 21 per cent increase in freight rates, the exact wording of what the railways say they will do.

Q. So you say that as far as all these things are concerned everything is fine, and there is really no need of investigation by this Commission in matters of this kind?

A. As to those particular rate matters, I think the Board already has the full jurisdiction. This Commission says it won't deal with anything the Board has full jurisdiction to deal with, so the other features, the economic --

THE CHAIRMAN: Q. Don't go too far. We are not to perform any of the functions of the Board.

A. That is true.

Q. But it is our duty to review everything that has gone on up to today.

A. That is true.

Q. And see what suggestions we have to make in the way of changes and amendments.

A. That is quite true; I understand that.

Q. Now, you say that your body is satisfied with the





present state of affairs?

A. That is correct.

Q. Other people are not, you see.

A. That is quite true; I understand that.

Q. We have to deal with both of you.

A. Quite true, you have to deal with all.

MR. COVERT: Q. Perhaps it would be interesting to know whether in presenting this brief on behalf of the Canadian Manufacturers' Association there is any difference of opinion among the members whom you represent, based, we will say -- well, take Dosco; when they file a brief which is really dealing with the situation in the Maritimes -- and you have some members in the prairie provinces; do they agree with these statements, or could you tell us --

A. Well, we have explained, I think, that this is done in a certain manner and without prejudice to individual action by individual members or groups. Now, if you want to know the exact operation of the process by which we get this, we have a Transportation Committee, and that committee consists of about sixty people, most of them being traffic managers of large concerns, familiar with the subject, and they are located in all parts of Canada from coast to coast. What has been done was to place before that committee in writing, before a meeting was held, so that everybody would have it, a synopsis of the various points that will be dealt with in this submission. That was sent out twice in order that everybody would have an opportunity of expressing views. Some expressed views and some did not. The matter was then the subject of a meeting of the Transportation Committee, a well-attended meeting -- I could not tell you



the exact number -- and the whole question was considered by that meeting.

Q. Where was that meeting held?

A. Held in Toronto. And following that I was instructed to prepare this brief, based upon matters that have been considered by that committee, and a copy was then forwarded to all members of the committee as completed. Following that the matter was referred to a meeting of our executive council, which is the governing body of the Association when annual meetings are not being held, and they adopted the recommendation of the Transportation Committee, so that the matter has been in that form, gone over now. In addition to that we submitted also to what are known as our division managers, who are the managers of our divisions -- we have five of them -- at the same time we sent it to our committee so that they would have an opportunity of looking at it and consulting the local people on our committee or anybody else they wished and giving us their views. Now, all of that was done before this was presented, so that you can see that it has been given every consideration.

Q. I thought it might be very interesting to know just how the views were obtained. Now, have there been any complaints from any of your members that it does not represent their views?

A. We have not had any yet.

Q. None yet?

A. No.

Q. And the brief was filed sometime in April of this year?



A. Right; and not only that, but if we were to get down to cases like Dosco, our Maritime Division approved this.

THE CHAIRMAN: Q. You said the Maritime Division did what?

A. Our Maritime Division approved it. They had an opportunity to see it.

Q. Approved of your attitude; it is not the attitude of this particular company?

A. That is right. That is why we put that clause in there, sir, to protect our interested members. We cannot speak for each member, but we can deal in certain principles, we believe; at least so far we have been successful.

MR. O'DONNELL: Q. Where are your division managers situated?

A. We have one in Amherst -- that is for the Maritime Division -- and we have one in --

MR. COVERT: Q. Mr. Smith, is he the manager of that?

A. Mr. Stewart; and we have one in Quebec, office in Montreal, the Quebec Division, the Ontario Division with headquarters in Toronto, the Prairie Division with headquarters in Winnipeg, and the B.C. Division with headquarters in Vancouver.

THE CHAIRMAN: Q. Do you say that the Maritime or the Nova Scotia Division disapproved of the Dominion Steel's attitude?

A. No; they took no position at all on that.

Q. They simply approved of your attitude?





A. This was, as I say, sent to all the divisions, and I do know, as a matter of fact -- I merely put that in because Dosco's name was raised here, to indicate that it was there and they saw it.

Q. They saw what? They saw your attitude?

A. Our proposition; and there was no objection.

Q. Do you think your proposition is specific enough to call their attention to it? After all, this company is making an application before the Board asking the Board to do something which apparently the Board has jurisdiction to do?

A. That is correct.

Q. Are you finding any fault with that?

A. No; no, they can do what they like.

MR. O'DONNELL: It seems to me that Mr. Covert is suggesting to Mr. Brown that some of his members were not in agreement with the Canadian Manufacturers' Association brief.

THE CHAIRMAN: Q. Well, what is meant by a member? Is this Dominion Steel Company a member of the Canadian Manufacturers' Association?

A. They are, sir.

Q. Then in their own particular case they are making an application for something to be done which you say this brief does not approve of?

A. This brief does not say anything about it.

Q. Well, by implication it does not approve of it; isn't that right?

A. That may be. I have not read their brief fully to know whether it does or not.



Q. Well, they were mentioned here.

A. Yes, that is quite true.

MR. O'DONNELL: Q. Dosco did not complain to you, though?

A. No.

Q. About your brief?

A. No, they have not.

THE CHAIRMAN: Q. In any case, the company in question is simply applying to the Board to do something which it has a right to do?

A. Yes; we say without prejudice to whatever they may say this is submitted, in effect.

MR. COVERT: My only purpose was, Mr. Chairman, I thought that if there is unanimity among the members it perhaps makes the representations that much stronger, and if there were differences of opinion -- for instance, it might be a very peculiar thing if the people in the west disagreed with the representations made.

THE CHAIRMAN: You mean the members in the west?

MR. COVERT: The members in the west, yes.

THE CHAIRMAN: The membership is confined to what class?

MR. COVERT: In the second paragraph in the brief they say:

" . . . with a membership of about 6300 large and small concerns located at various towns and cities from coast to coast in Canada. . . "

COMMISSIONER INNIS: That does not include anyone representing transportation as such.

THE WITNESS: No, these are manufacturers,



bona fide manufacturers, and I can give you exactly what they say.

THE CHAIRMAN: Q. All manufacturers?

A. Yes, all manufacturers.

Q. Then the word "concerns" here means manufacturers?

A. Correct.

MR. COVERT: Q. And you said that the Transportation Committee was composed of about 60 persons?

A. That is right.

Q. Who were members of large -- I think you used the phrase "large industrial" --

A. Concerns; manufacturers; they are traffic managers, perhaps, or sometimes we have vice-presidents too.

MR. O'DONNELL: Q. The traffic managers of large shippers is what you suggest?

A. That is right, but they are manufacturers. Our organization is confined to manufacturers, bona fide manufacturers, employing five or more hands in their mechanical department; that is the way the thing reads.

COMMISSIONER INNIS: Q. Those manufacturers in many cases would have no interest in truck companies or --

A. Oh, a lot of them have their own trucks; a lot of these concerns have their own trucks.

THE CHAIRMAN: Q. And of course others use trucks?

A. That is correct; oh, yes, there is no question about it, they use them.

MR. FRAWLEY: Perhaps the witness has a booklet or a list of his member companies that might throw some light on the national character of the Association.





THE CHAIRMAN: Mr. Frawley, I think the matter is important enough for you to question the witness --

MR. FRAWLEY: Yes, I intend to.

THE CHAIRMAN: -- carefully, later.

MR. COVERT: Q. In the last two paragraphs on page 4 and page 5 and I think the first two paragraphs on page 6, you deal with statutory rates?

A. Yes.

Q. Now, I take it first, Mr. Brown, you do not approve of statutory rates?

A. Well, I don't know whether you can say do not approve of it; I suppose that is the answer.

THE CHAIRMAN: Just a minute. I thought we heard earlier that the statute was what Mr. Brown does approve of.

MR. COVERT: When I say statutory rates, Mr. Chairman -- he is referring to the Crow's Nest Pass rates; I think that is the chief --

THE CHAIRMAN: And the Maritime --

MR. COVERT: And the Maritime Freight Rates Act.

THE WITNESS: Where the rate itself is by a statute passed by Parliament. It is true we have not stated that.

(Page 5818 follows)



THE CHAIRMAN: I thought there was something said about the more acts of parliament the better.

THE WITNESS: The reason our committee did not go that far was because of the fact we have statutory rates, and it has been in there for a long long time. There may be some reasons for it. There are reasons.

THE CHAIRMAN: What you say here is that if these statutory rates give a preference to a region or to a class of shippers, then there should be compensation otherwise than by increased rates elsewhere?

THE WITNESS: In effect that is what it is. We do not ask that the rates be changed in the statute, but merely that the railway company be compensated for the difference between what is reasonable and what is not reasonable, if there is such a thing.

THE CHAIRMAN: That is what I understood.

MR. COVERT: My understanding is that his argument is that when a rate is fixed by statute it cannot change with changing conditions. Therefore it may eventually, if it were not at the time it was put in, become a non-paying rate or a non-compensatory rate.

THE WITNESS: That is right.

MR. COVERT: Q. Therefore you say in effect that it should be subject to review?

A Right.

Q From year to year by the Board of Transport Commissioners, and that they should determine what should be the normal rate for moving a particular product, and that the railway should receive a subsidy for the difference between the normal rate and the statutory rate?



A That is about the size of it. We have it clearly explained there, and a very concrete example of that is the situation regarding the movement of coal where the Board did that very thing and found the proper rate, and they make a subsidy of \$2.50 a ton from Alberta to Ontario.

Q For example, if the grain rates were compensatory then you would not worry about them?

A There has been so much talk about this thing. Let us find out what the facts are and settle it once and for all, and then we know where we stand.

Q When you say "settle it once and for all" you would have to settle it every year?

A That part of it, but certainly find out first of all whether or not there is this situation which is claimed to exist. There are all kinds of arguments. The provinces of the west say that these rates are fine, they are all right, and somebody else says that they are not all right. I think the thing to do is to have it settled, and if there is a difference have the government pay it because it is something in the national interest.

Q Would there be another method of providing for things of this kind? For example, suppose a rate is fixed by statute and then horizontal increases are made perhaps without even finding the cost under the statutory rates; you might just compensate for the increase by a subsidy?

A That may be; I don't know.

Q I was wondering if you would care to comment





on a suggestion of that kind.

A        It seems to me that in order to do it properly you have to have somebody who can take the matter in a way such as the Board can, have their experts deal with it, have all the parties interested give their views, as they did in the case of the coal rate, and then try to find out if the rate situation is so and so, and if that is reasonable, and something else has to be added in order to give the railways a reasonable rate then the government would step in.

Q        Do you think that the cost of moving grain could be easily ascertained?

A        It is not an easy thing.

Q        Do you think it can be done?

A        I think it could be done. The handling of that situation could be more nearly approached than could many other kinds because it is a great big movement from an area funnelling out through certain points. Certainly I think they could learn more about it, but anybody who knows anything about it knows perfectly well that this question of cost of service is a very difficult thing to determine.

COMMISSIONER INNIS: Q. You have not given any special thought to the technique that might be used?

A        No.

MR. COVERT: Q. It arose originally out of an agreement. Would you care to express any views as to whether agreements like that should be entered into?

THE CHAIRMAN: Like what?



MR. COVERT: The Crow's Nest Pass agreement.

THE WITNESS: No, I do not think I wish to make any observation on that.

COMMISSIONER INNIS: This is rather similar to the brief put forward by the Maritime boards of trade.

THE WITNESS: On this particular point I believe they have taken the same position we have, and I believe Mr. Matheson was cross-examined on the question.

MR. COVERT: Q. At the bottom of page 5 and the top of page 6 you set out a formula dealing with the matter. You say that the Governor in Council should ask the Board of Transport Commissioners to make the investigation.

A Yes.

Q They make the investigation and then if it is necessary, pass legislation?

A They report back.

Q Would you care to express any views as to whether or not the Railway Act should be amended to deal with statutory rates and have general guiding principles for statutory rates?

A We have not considered that.

COMMISSIONER INNIS: <sup>Q.</sup> / You have not considered the meaning of the words "normal rates" to any extent?

A No, that is a pretty difficult thing to pin these things down, normal rates, and so on. I don't know that I could offer anything very clear on that. The only thing I might observe there is that in the case of the Maritime Freight Rates Act they do use that term, and the normal rate in that case is the rate that



the Board decides is normal after consideration of certain facts, and then it sets the special rates that will be applied under the Maritime Freight Rates Act.

MR. COVERT: Q. You do think that these rates should be under review every year?

A It would seem --

Q Statutory rates?

A It would seem, like they do under the Maritime Freight Rates Act, that they should do that.

THE CHAIRMAN: Q. Under the Maritime Freight Rates Act they do what?

A Do they not make a report to Parliament as to the amount?

Q As to the amount of the subsidy; yes, that is a part of the Act.

A That is right.

MR. COVERT: Q. But your suggestion here with respect to grain rates seems to be that each year they determine the cost, or what the normal rate would be?

A That is only for the purpose of payment.

Q Of the subsidy?

A That is right. They have to do that in order to determine it.

Q That is why I asked.

A That is what I meant. Perhaps I have not made it clear.

Q Suppose you determine the cost for moving grain last year. You would say that would be the normal rate, or that cost plus a fair and reasonable profit would be your normal rate?





A. Yes.

Q. You say actually that is above the Crow's Nest Pass rate?

A. Correct.

Q. Then you would say the difference would be made up by a subsidy?

A. Yes.

Q. Now, it seemed to me that you suggested that each year --

A. Perhaps I have not made that as clear as I might, but what I have in mind there is what they do under the Maritime Freight Rates Act. Under that they report to the government the amount of money that has to be paid based on the normal rates compared with the rates actually paid.

THE CHAIRMAN: Q. And the government pays it?

A. Yes.

Q. You would have the same procedure adopted in connection with the Crow's Nest Pass --

A. That is correct. That is what I have in mind.

MR. O'DONNELL: Under that Act the normal rate is reviewed every three years, section 9(4).

MR. COVERT: Q. That is what you had in mind?

A. Correct. I might say I understand the Board of Transport Commissioners have a staff and a number of machines to see that each waybill, and each item on the waybill is checked so that they have every figure, and they make a report to the government based on that. That is in the case of the C.P.R. but in the case of the Canadian National I am not sure whether or not they handle



it that way. There was a change made in which the government pays the deficit. The Canadian National will be able to tell you.

THE CHAIRMAN: Q. Am I right in judging that you and your organization seem to believe that the existence of the Crow's Nest Pass rates is causing higher rates to be charged elsewhere?

A. That is the belief and the feeling. As I say, if we have something like this we will know. The feeling is if the difference was paid to the railway companies then the whole level could be less because you have a bigger base.

Q. You do not want the Crow's Nest Pass rates abolished?

A. Certainly not.

Q. You say certain monies should be paid to the railways for them?

A. Parliament did this in its wisdom and we do not suggest it be changed at all.

COMMISSIONER INNIS: Q. Is that an unhealthy attitude towards Parliament?

A. No.

THE CHAIRMAN: No, because you want the Transport act repealed although Parliament passed it.

MR. COVERT: Q. Perhaps you feel the movement of grain is so important that the rate must be kept low regardless of whether it pays, and what you are worried about is that the railways be compensated if they are moving at low rates so that your manufactured goods will not be paying the price?



A. And other goods, the goods that are used by the farmer who ships the grain. Don't forget that. He brings in a lot of supplies for himself and this might mean he would pay a little bit less. Of course, the taxpayers pay it in any event, but you spread it over a number of taxpayers and it is less.

Q. You do not notice it going out as freight. At the top of page 7, referring to the fixed charges of the Canadian National being put on a basis comparable to other major railways in North America, you suggest this is a matter which should be initiated by the railway companies involved?

A. Yes, and there are several places here where we suggest we be given an opportunity on that to make some comment, but we cannot do it today.

Q. You think the railway itself is the one to deal with that?

A. Yes, I think so, to initiate it, and then it will be discussed no doubt.

Q. You do not feel it is necessary for this Commission to inquire into it at all?

A. Oh, yes, the railways initiate it and bring it before this Commission.

Q. Before this Commission?

A. Sure, that is what I have in mind, and other parties like ourselves - we might want to make some observations about it, and this Commission would have all this information before them.

Q. Then in the next paragraph on the same page you say:





"A review and report upon the advisability of adopting or otherwise measures conducive to uniformity in accounting methods and statistical procedure...."

You believe they should be uniform?

A I do.

Q You specifically suggest they should be broken down so that they will indicate the amounts chargeable to freight services separately from those chargeable to passenger services?

A That is correct.

Q What advantage would you expect to accrue from that?

A More uniformity. Then you would be able to make your comparison between rates, and so on, and know exactly where you stood, whereas now you can get one set of figures and somebody else brings another set of figures, quite a different setup, and you have to dig into them and find what they are. You may have to do a lot of digging anyway, but we think uniformity is a good thing in matters of this kind.

Q It is for comparative purposes?

A Yes, that is one of the main things, and determining certain matters based on figures.

Q And the breaking down between the freight and passenger services?

A We have always felt that should be done.

Q What would you expect to gain from that?

A We could then determine more accurately the question of the cost of the freight service and the cost



of the passenger service. When they are asking for freight rate increases we would have those figures. It was actually done in the so-called 30 per cent case.

Q You would not suggest, for example, if it were found as a result of that that passenger services were becoming too expensive to continue, that it be abandoned?

A No.

Q What you want to get is uniformity for comparing one railway with the other?

A And for other purposes.

Q And breaking it down so that you can get a closer idea of what it costs to carry freight. Is that it?

A Correct.

Q I suppose this would help perhaps in rate applications?

A That is the idea. As I say, we asked for that in that case and they did supply it to a certain degree.

Q In the next three paragraphs on that page you deal with the C.N.-C.P. Act, and you say this is a matter which should be initiated by the two railways concerned.

THE CHAIRMAN: What is the matter?

MR. COVERT: The question of cooperation under that Act.

THE CHAIRMAN: What is meant by the matter should be initiated?

THE WITNESS: Whatever the wording is of that particular part.

THE CHAIRMAN: The wording is that we have to report specifically on the results of that Act.

THE WITNESS: Correct.



THE CHAIRMAN: You think that the railways should come and give us an account of what they have done?

THE WITNESS: That is correct.

MR. COVERT: Q. You go on to quote from representations made by your association in the 30 per cent case. Is that right?

A That is correct.

Q In the last four lines on that page you say:

"It may be that the exploration is continuing but the amount of saving so far achieved has been very small - much smaller than was thought possible at the time the legislation was passed."

THE CHAIRMAN: Where is that?

MR. COVERT: The last four lines on page 7.

Q What are your views on this, Mr. Brown? Do you think that there should be some further control over the two railways by the Board of Transport Commissioners in connection with cooperation under this Act, or do you feel it is a matter entirely for the railways themselves?

A No, the point is we are bringing the matter forward because it is a matter that is raised in the Order in Council. We think the railway companies involved are the ones to bring a sort of accounting, as it were, to this Commission of what they have done, and then it seems to me it will be up to the parties who appear before this Commission to deal with that, and perhaps enter into further detail as to what they think might be done, and by that process get a lot of information before this Commission that might aid it in making some





recommendation, but what those recommendations should be I don't know. The matter is one which, beyond the general statement made here, has not been explored by our committee. It would have to be before we would make any further statement.

Q It has been investigated before the Senate. You know that?

A Yes, and I think the amount or some of the amounts were specified as to how much had been accomplished.

Q You have no evidence of any investigations that you have made?

A No, there is nothing like that.

COMMISSIONER INNIS: Q. I am intrigued by the use of the words "so-called 21 per cent."

A It started off as an application for 30 per cent, and then it was finally decided at 21 per cent. I am merely using those words in that sense, the so-called 21 per cent case. It was originally 30 per cent.

Q There is nothing insidious?

A No.

MR. O'DONNELL: Merely a means of identification.

THE WITNESS: That is it.

MR. COVERT: The last part of your brief deals with the question of reparations.

THE CHAIRMAN: Where is that?

MR. COVERT: It starts at the top of page 8, the first paragraph following the quotation, and it carries on for the balance of the brief up to the end of page 11.



Q I think your views are that it is clear that the Railway Act does not provide for reparations now, and that it should?

A That is it.

Q I think you put forward the fact that they do allow it in the United States?

A That is correct.

Q Have you investigated the situation in the United States at all to see how it is worked there?

A No, not in any great detail, just general observations and discussions with persons over there. There are various views about it.

Q Do you feel that the matter is very important in Canada?

A I think so. Some of these decisions that I have mentioned indicate that a person is left in a very bad position on a pure error.

THE CHAIRMAN: Q. On what?

A On a pure error.

Q What kind of error?

A For example, they file a tariff and put in a rate of 25 cents, and they do not mean to do that at all. They meant it to be 20 cents, and if that goes in and carries on for a period of time then they cannot make a refund.

Q They cannot refund if they like?

A The railway companies, as I understand it, cannot. The tariff in effect is the legal toll, and the legal toll is specified in that tariff. One of the leading cases on that on which the Board rendered judgment was



the application of the B. C. Tree Fruits, which I mention here.

MR. COVERT: I think, Mr. Chairman, the position is that the railways cannot refund.

THE CHAIRMAN: They are not allowed to refund.

MR. O'DONNELL: The legal rate is the published rate.

MR. SINCLAIR: Neither are we able to retain anything over the legal rate.

THE CHAIRMAN: But you say you are not allowed to refund if you want to?

MR. SINCLAIR: No, Mr. Chairman. That is one of the main reasons for the Act, to prevent the unsavoury practice of rebates that reparations in part restore to the practice of rate-making.

THE CHAIRMAN: A refund may constitute undue preference?

MR. SINCLAIR: Preference.

MR. COVERT: Q. I suppose there is a possibility that in a certain number of cases it does not really matter much to the shipper whether or not he has paid too high a rate as long as he has paid it because he may pass it along to the consumer, for example?

A I have never heard anybody state that.

Q But ordinarily?

A They complain very vigorously about the matter.

Q What I am suggesting is that you may ship f.o.b. or you may ship at a delivered price, but in any event somewhere along the line I suppose the consumer pays?

A Whoever pays the freight may want to make a





complaint and he says, "I object to it. They have made a mistake." He would want to get redress. He has a perfect right to get redress if we had this thing in here. That is what they do over in the United States, as I understand it.

Q I think your suggestion later is that they have two years?

A There is a certain limitation on these things. That is right.

Q I want to deal with that later. Suppose the limitation period was two years, and you will have paid the freight on these things, and then later the freight rate is reduced because it was held to be --

A Unjust.

Q Unjust.

A Discrimination, or something like that.

Q You have paid the freight in the first instance and perhaps you have passed it along. You have paid it and you would be able to make an application for a refund. Is that correct?

A I am not sure about all the details of that, but I think what has to be done is that the person who paid and bore this thing and is injured by the process - I have not seen the regulations recently that are issued by the Interstate Commerce Commission dealing with the matter, but they clearly set out what you have to prove. They do not just say, "yes, you can have it." You have got to prove you are actually injured by this process, and that you have been injured by reason of the action taken, and that would have to be the case here.



Q It would not be just a question of having paid a rate that was later held to be unjust?

A No. You see there are many cases over in the United States where the Interstate Commerce Commission will rule on the matter of unjust discrimination and will say that it is for the future unjust but not for the past. That very thing is there. In other words, they have not proved that over the past it was unjust.

THE CHAIRMAN: Q. For the past it was what?

A Unjust, but in the future it is unjust. Frequently you will find a decision of that kind.

MR. COVERT: The future will take care of itself here.

THE CHAIRMAN: Q. Is this right? The last part of that sentence reads:

"....although they," -- that is the Board --  
"as they have in some of the decisions on the matter, realize that such rates or charges have been unreasonable in the past."

A Yes.

Q You mean that, do you?

A Yes.

Q You see you say:

"As a consequence, the Board is without adequate powers to authorize the reparation, where they find that particular rates or charges are unreasonable, although they, as they have in some of the decisions on the matter...."

You are referring to the United States?

A No, Canadian decisions. They have mentioned it.



Q They have mentioned it in our decisions?

A Yes, in the Tree Fruits case. I mentioned that one.

Q In some of the decisions our Board has held that the rates have been unreasonable but that they are without power to order reparation. Is that the position?

A Yes.

Q You say they should have power?

A That is correct.

MR. COVERT: On page 9 and 10 of the submission you will find three instances.

THE CHAIRMAN: Oh, yes, the cases are given. All right.

COMMISSIONER INNIS: Q. You have no case in which there has been a rate of 25 cents when 20 cents was meant?

A These cases we quote here are not exactly 25 cents.

Q I mean something specific?

A These cases we quote call specific attention to matters of this kind, and the one that tied it up was the application of the B.C. Tree Fruits, which we give some details about. If you read that you will see what I mean there. Even the Board thought that it was unfair but they could not do anything about it.

MR. O'DONNELL: That was by reason of the fact that the Wartime Prices and Trade Board regulations came into play.

THE WITNESS: Yes, came into the picture.

MR. SINCLAIR: There were unusual circumstances.





MR. COVERT: Q. Do you know whether or not in the United States the practice has grown up for people to file these claims for reparations, and not the people who really paid the freight?

A I have no knowledge of that.

Q You have also drafted a proposed amendment to carry out this reparations proposal. It appears in statement C of the brief. It is the last page. Would you look at subsection 5 of your draft?

THE CHAIRMAN: These are your suggested amendments?

MR. COVERT: These are his suggested amendments.

THE CHAIRMAN: We will take them up at half past two.

--- The Commission adjourned at 1 p.m. to resume at 2.30 p.m.

Page 5835 follows



Toronto, Ontario,

August 4, 1949

AFTERNOON SESSION

---The Commission resumed at 2.30 p.m.

---

STUART B. BROWN, recalled

EXAMINATION BY MR. COVERT

MR. COVERT: Mr. Chairman, you will remember that at the adjournment I was dealing with the last page of the brief, the draft amendment to the Railway Act submitted by the Canadian Manufacturers Association, dealing with reparations, and one subsection of the draft amendment, namely, 5, which I wanted to have clarified.

THE CHAIRMAN: You have been over this, I suppose?

MR. COVERT: Yes.

Q. In the latter part of that subsection 5, Mr. Brown, you say:

"The term 'overcharges', as used in this section, shall be deemed to mean charges for the transportation services in excess of those applicable thereto under the tariffs lawfully on file with the Board."

I take it that you mean simply that if there was a tariff filed of say 25 cents, and they were charged 27 cents, the two cents difference would be an overcharge?



A. That is correct.

Q. And I ask you that because, in the first part of that subsection, you say:

"All complaints against carriers subject to this Act for the recovery of damages, not based on overcharges . . ."

A. That is correct.

THE CHAIRMAN: Where is that?

MR. COVERT: That is subsection (5), the first part, and it continues:

" . . . which may be awarded by the Board pursuant to subsection 3 of this section, shall be filed with the Board within two years from the time the cause of action accrues."

So this subsection does not place any time limit at all on the overcharge; but, on the others, you place a two-year period of statutory limitation for filing a claim?

A. That is correct.

Q. And in connection with those two years, have you followed any precedent for that? Is that the time limit under the I.C.C.?

A. I am not sure whether it is. I think it was three there, but they have recently passed legislation over there on the question of overcharges and undercharges, making it two years.

Q. Yes?

A. It is a period of two years there, and the committee thought that was reasonable.

Q. So that is the reason for suggesting the two years?





A. That is correct.

Q. And you feel, "A", that it would be sufficient?

A. That is correct.

Q. And, (b), not too long a period?

A. That is right.

Q. In the ordinary case, I suppose, a claim would be filed much before that time; would it not?

A. Yes. A lot of them would; that is right.

Q. The reason I ask you is that two years seems quite a long time to determine whether or not there has been an overcharge, that is, an overcharge over the rate that has been declared?

A. Unjust?

Q. Unjust or discriminatory; and I would have thought that by that time, the shipper would either have passed the charges along or would have forgotten about it.

A. Apparently our people did not feel that way about it; and with these limitations existing every day in the States, I imagine it must be necessary.

THE CHAIRMAN: Doesn't that mean that the Board would be trying actions for damages? I see the words "cause of action". You would have to be careful.

It is also the recovery of damages which may be awarded by the Board.

MR. COVERT: The damages to which he refers, I think, are the difference between the rate paid and what the Board may declare should have been paid.

THE WITNESS: That is correct.

THE CHAIRMAN: In subsection 4 he talks about an action before the courts, and he says:



"(4) Any person may maintain an action in any competent court for damages in . . ."  
Who is to dispose of this? You see, we have to be careful about hailing courts of justice to hear action for damages to property and civil rights and so on. Is there any such jurisdiction in the United States?

MR. SINCLAIR: It is alternative there, my lord.

THE CHAIRMAN: Alternative. The person may either go to court or to the Commission; is that it?

MR. SINCLAIR: That is my understanding.

THE WITNESS: This is very much like what is done in the United States.

THE CHAIRMAN: Q. But we have to be careful in Canada about things of that sort?

A. I quite agree.

MR. COVERT:Q. My understanding is that what you propose here is: first, the Board determines whether or not the party complaining is entitled to the award of damages under the provisions of this Act for a violation thereof?

A. Yes.

Q. And they would make an order directing the carrier to pay . to the applicant the sum to which he is entitled on or before the day named?

A. That is right.

Q. But it occurred to me that, perhaps, under paragraph 3 of statement C, where you say:

"It shall be the duty of every common carrier, its agents and employees, to observe and comply with such orders."



So I assumed that under subsection 4, he could apply to a court of competent jurisdiction for the enforcement of that order?

A. That is the idea, that is right.

THE CHAIRMAN: He may enter an action in any competent court for damages in respect to any act in contravention of the provisions of this Act. I think that is more like what Mr. Sinclair said. It would appear to give him the option of either going to a court, under subsection 4, or going to the Commission under the rest of the Act. Isn't that it?

You see, subsection 4 is plain, and it reads:

"Any person may maintain an action  
in any competent court for damages in respect  
to any act . . ."

That is, not to enforce an order, but in respect of any act, in contravention of this Act, the whole Act, or of any order made under this section. That gives him the alternative, then. But we shall have to investigate that very carefully before we decide that Parliament could give such power to the Board in Canada.

MR. COVERT: Q. Have you given any thought to the question of reparations of international rates?

A. No. There is no international jurisdiction, no commission governing international rates. Each Commission has its powers up to the border, as I understand it.

Q. How would you deal with the situation where the Board of Transport Commissioners has decided as to the reasonableness of a rate up to the border, and that





decision might, perhaps, be different from the opinion of the Interstate Commerce Commission with respect to the same rate?

A. There would be a conflict there. They certainly have issued decisions, I mean the Interstate Commerce Commission, in regard to that matter of international rates. There are quite a few cases on that, of which the News Syndicate case is one of the leading cases.

They assume that one might have a lot of jurisdiction. I think the railways sometimes think that they assume more than they should in that regard.

Q. Now, one more question on reparations. Do you think that reparations should work both ways?

A. What do you mean by that?

Q. For example: supposing it had been found that the railway had charged too little?

THE CHAIRMAN: You mean, by a mistake?

MR. COVERT: I suppose that is the only thing I should assume.

THE CHAIRMAN: Otherwise, it would be a rate authorized.

THE WITNESS: I can frankly say they have not considered that point at all. I have no answer to give you.

MR. COVERT: Q. There are two other questions I should like to ask Mr. Brown while we have the opportunity. One is: do you subscribe to the suggestion that the bargaining power of the shippers and the railways



should be curbed, and that all rates, including competitive rates, should be prescribed or approved by the Board, before becoming effective?

A. Our committee has made no statement on that point. And I think, in view of the fact that they have recommended no change in the Railway Act in that regard, we can say that they do not think so.

Q. And perhaps the same answer would apply to the other question, as to whether or not you thought that the present freight classifications, with only ten classes, were sufficient?

A. When you come to freight classifications, they are a matter of change all the time. And while it is true that ten classes have been observed up to the present time, over a great many years, that does not say that that is the last thing.

It is possible to make adjustments from time to time, and the Board of Transport Commissioners has very full jurisdiction over that matter. In fact, they approve the classifications. That is one of the things they are required to do. And we have no complaints from any of our members that they want any more than ten classes at the moment.

Q. There was some suggestion in the West, I think, that there should be a larger number of classes, and that you might eliminate commodity rates in that manner?

A. That seems to be the trend in the United States, to try to do that sort of thing. But whether it



will be followed here, or whether it may very well develop from this general investigation -- it might, later -- I do not know. But I would say that we have not given that very special consideration.

MR. COVERT: That is all that I have to ask.

THE CHAIRMAN: Are there any questions by the provinces?

CROSS-EXAMINATION BY MR. McLEAN:

Q. I have one or two questions I would like to ask Mr. Brown. First of all, Mr. Brown, would you turn to page 2 of your brief. You have set out there -- and Mr. Covert has asked you some questions with respect to them -- four principles, I think he called them. Am I to understand that what you would suggest in respect of the railways and water carriers is that they are to continue under the Board of Transport Commissioners in very much the way they are regulated at the present time; and that motor carriers, in so far as the provinces are concerned, would come under individual provincial boards, with power and acting under a statute similar to the Board of Transport Commissioners?

A. That is correct.

Q. And the same for Air?

A. Air is a federal matter.

Q. Then how would a provincial Board, regulating motor carriers, be governed by your first principle? Would that take into consideration the existence of railroads, or would they work independently, and have their mind only on motor carriers?





A. I do not know what they would do.

Q. But you have set out this principle?

A. I know.

Q. Your committee has come forward with this as a recommendation. Now, how can it be integrated with what you have just told us?

A. As far as I know there is nothing in that statement that a provincial board could not deal with. But how they would deal with it is another matter.

Q. If you are going to preserve intact the principle that the inherent advantage of each class or type of character should be recognized or preserved, then you must envision a direction in this provincial statute to accomplish that end?

A. That statement would be along those lines.

Q. The statement was put to you this morning that, if there was adequate and efficient railway transportation, then the motor carrier should not get a certificate?

A. That is exactly what happens in Ontario, does it not, today, as I understand it?

Q. In Ontario?

A. Yes, in Ontario, where the municipal board hears evidence from the railways.

Q. The only thing wrong with the Ontario situation is the matter of rates?

A. That is correct.

Q. And you have been trying, now, since 1926, I think you told us this morning, to get some action out the of/Ontario government with regard to motor carriers?

A. That is quite true.



THE CHAIRMAN: Q. In regard to their rates?

A. Yes.

Q. Do I understand, then, that before licensing a trucking company here, the Board will hear the railways, who may object to it?

A. Yes, I understand that is it.

Q. On the ground that the territory is already sufficiently well served?

A. I do not know what the particulars are, but I would think that is what they would do, as I understand it. They are permitted to come there and make representations.

MR. McLEAN: They have to have a certificate of necessity and public convenience in Ontario, but whether or not they take into account the existence of the railways, I could not say.

THE WITNESS: They have this application for a P.C.V. licence.

THE CHAIRMAN: Counsel for the Canadian Pacific Railway tells me that yes, they do; they do hear the railways.

MR. SPENCE: Yes, my lord. I have appeared many times before the Ontario Municipal Board and presented evidence on behalf of the railways.

THE CHAIRMAN: That is what happened in British Columbia.

MR. McLEAN: They appear in Manitoba before the Public Utilities Board.

MR. SINCLAIR: But in Manitoba they do not pay any attention to the railways.



MR. McLEAN: Is my learned friend giving evidence?

MR. SPENCE: We frequently feel that they do not very often pay a great deal of attention to what we present to them, but, at any rate, we are there.

THE CHAIRMAN: They hear you, anyway?

MR. SPENCE: Yes; we are there.

MR. McLEAN: Q. I take it that we understand one another, Mr. Brown, in respect to the approach to this matter of rates, and that your association is quite satisfied with the present set-up, where only standard rates are set. Is that correct? Subject to this one modification that you propose?

A. The classification of standard rates is required to be approved.

Q. You are quite satisfied with that?

A. We are.

Q. All that the Board of Transport Commissioners has to do is to set a ceiling? Is that correct?

A. No; they approve.

Q. They approve the ceiling, which cannot be punctured?

A. The railway companies initiate the rates and file them with the Board.

Q. That amounts to a ceiling?

A. That is correct.

Q. And no action of the railways can exceed that ceiling?

A. That is correct.





Q. But below that ceiling, the railways have a great deal of latitude with respect to the subject of competitive rates, and they can file much lower tariffs?

A. That is correct.

Q. You are familiar with the fact that on one estimate only 5 per cent of the traffic moves on those standard rates?

A. It is a very small amount, I know that from such information as I have had.

Q. Yet you are satisfied to leave the matter of other rates, competitive rates and special tariffs to be fixed by the railways filing them; and if anybody has any complaint, then he must initiate the machinery of supervision and examination?

A. That is correct.

Q. I think you told us this morning that this brief had been submitted to the Maritime Division, and that they had approved the brief?

A. That is correct.

Q. Was it likewise submitted to the Winnipeg Office, the Prairie Division?

A. It was.

Q. And did they specifically approve it?

A. In the telephone conversation I had with the Manager, he said there was no objection to it.

Q. You say there was no objection?

A. That is right.

Q. You say that he had received no objection?

A. That is right.



Q. The bulk of your committee, who do anything actively , are situated in and about the city of Toronto?

A. Those who attended the meeting.

Q. Yes, those who worked on it.

A. And from Montreal.

Q. How many were there from the Prairie Division who came down?

A. I do not think there were any who attended from the Prairie Division.

Q. Are you familiar with the Canadian Industrial Traffic League?

A. I am a member of it.

Q. And as a matter of fact, the submission which that League is making is simply the same submission that you are making in your Canadian Manufacturers Association brief?

A. I do not think it is the same, but it is similar.

Q. It is extremely similar.

A. Quite so.

Q. And they call it a Canadian transportation policy while you call it a national transportation policy. I take it that you have seen their material?

A. Quite so, yes.

Q. As a matter of fact, the people who make up this Association are the transportation experts of the Canadian Manufacturers Association members?

A. No, there are more than that.

Q. Well, largely?

A. No, they take in wholesalers, retailers, as well as others.



Q. Now, talking about this matter of uniform provincial regulation, are you familiar with the attempts that have been made to get uniformity of motor carrier regulation between the provinces?

A. All I know is that they have discussed it.

Q. As a matter of fact they had a meeting, did they not, as early as 1936 with respect to this?

A. I think they had one even earlier than that -- 1933.

Q. Under Mr. Howe there was an attempt made in the department in Ottawa to centralize and to get more uniformity out of it, in 1933, and certainly in 1936 to my own personal knowledge?

A. That is correct.

Q. And nothing ever came of it; there was a registrar appointed and there were regulations filed, and that is all that happened; isn't that right?

A. That appears to be the case.

Q. So if you want uniformity of motor carrier regulation on the basis that you put it forward, it must be done by a central body?

A. If they get together again they can do the same thing if they want to. If we keep pounding away enough, our theory is, if we pound away enough, perhaps they will finally do it.

Q. You have had fifteen or twenty years, and it has not worn the stone down much, has it?

A. We don't give up quick.

Q. Now, in respect to this matter of unjust -- I see you have put in "undue preference and unjust discrimination"; I take it that you are simply repeating the words which one





finds in section 314 and the following sections of the Railway Act?

A. That is right.

Q. And you are perfectly satisfied with the way over the period of time that the Board of Transport Commissioners in the various judgments have interpreted the meaning of "undue preference and unjust discrimination"?

A. That is the view of our committee as expressed in this submission; there is no question about that.

Q. It is a pretty narrow view isn't it, Mr. Brown?

A. I don't know.

Q. Well, are you not familiar with the decisions?

A. Yes, I am with some of them.

Q. And it is very difficult, extremely difficult, is it not, for anyone to prove undue preference or a discriminatory rate?

A. I do not know how hard it is; it has been done many times.

Q. But more frequently it has failed to, hasn't it?

A. It has failed in many cases.

Q. The complaint which Mr. Frawley has made on behalf of Alberta with regard to their distance and being at the apex of the freight structure is something that the Board would not entertain under their decision; isn't that so?

A. I do not know just what point you mean. There are several angles to this case.

Q. Take the angle of the transcontinental rates; that is the rate from here to Vancouver against the rate to Edmonton?

A. That is correct.



Q. The long and short haul?

A. That is right.

Q. Would they entertain an application by Alberta to fix the rate to Edmonton, say, as no greater than the rate to Vancouver?

A. Well, they might be able to make a case of that kind; they haven't yet.

Q. Do you think they could?

A. They haven't yet. They made it in the United States.

Q. Do you know what they said about that in the 1927 inquiry? Didn't they have to introduce the Spokane principle in the United States by a statutory provision?

A. What they did over there, as I understood, it, was to say, "If you are going to make these rates you have got to get forced section relief."

Q. But -- you are familiar with the Railway Act -- isn't that matter dealt with specifically in subsection 5 of section 314?

A. If you can prove unjust discrimination or undue preference -- and we admit that it is hard to do.

Q. But isn't it a fact, if they have declared the points competitive, then the long and short haul cause has no application?

A. I do not think the Board ever declared any point competitive, did they?

Q. What about the water-compelled rates to Vancouver?

A. They are made competitive by the railway companies specifying them in the tariff as such, but I do not think the Board has said those are two competitive points.



Q. If they once did that, that would be the end of the matter, wouldn't it?

A. That might tie it up tighter, but I do not think they have ever done that; at least, I do not recall any decision of that kind.

Q. Now, coming to the matter of the Crow's Nest Pass rates, as I understand your brief and your statement on that brief, Mr. Brown, all you are suggesting is that to put an end to controversy someone be empowered to determine whether or not Crow's Nest grain rates are at present compensatory to the railways; isn't that right? That is the first thing?

A. That is right.

Q. And should they prove to be non-compensatory, then your suggestion is that the railways be compensated on the principle of the Maritime Freight Rates Act?

A. That is correct.

Q. Would you have it as rigid as the Maritime Freight Rates Act, that it is 20 per cent off the going rate, or would you maintain intact the 1897 rate?

A. The 1897 rates of the statute would remain. There is no suggestion in our submission -- I hope I have not indicated that in any way -- that we want those touched at all, because they are there by statute, they have been there for fifty years or something like that, a long time. In other words, we have to face facts; there they are.

CROSS-EXAMINED BY MR. FRAWLEY:

Q. Mr. Brown, your attention was called this morning by Mr. Covert to what the Board said in the Canadian China





Clay case; it is repeated at page 54 of the recent 30 per cent case, and I want to read it to you:

"In so far as these different considerations are concerned, the Board can give effect to none of them in connection with any rate question. It has been held time and again that rate-regulating commissions have no right whatever to attempt to equalize geographic, climatic, or economic conditions. They are concerned simply and wholly with the question of the reasonableness of the toll which the railway company is seeking to collect for the carriage of a given commodity, irrespective of how it is made, or whence it comes."

And for the record I may say that is what the Board said in *Canada China Clay Company v. Grand Trunk et al*, (1915) 18 Canadian Railway Cases 347, at page 348. I want also to read you one other passage taken from the Board's previous judgment in *Board of Trade of Coalhurst v. C.P.R.*, 31 Canadian Railway Cases 396, at 399:

"The Board has indicated that in the matter of rates, for example, its function is concerned with complaints as to unreasonableness or as to unjust discrimination, and that it is not empowered to put in rates simply to develop traffic; that is to say, the Board is not empowered by parliament to act as an arbiter of industrial policy."

Now, Mr. Brown, you say you are content with the situation as it now is?

A. That is the view of our committee, yes.

Q. <sup>The</sup> Canadian Manufacturers' Association is content with



what the Board has said in those judgments as to the limitations upon its powers?

A. Well, I suppose that is true, yes.

Q. That is true. Now, the Canadian Manufacturers' Association operates from the Atlantic to the Pacific?

A. That is correct.

Q. You say you have a Prairie Division?

A. That is right.

Q. Have you no Saskatchewan or Manitoba or Alberta Division?

A. We have branches within the Prairie Division. The Prairie Division consists of the three prairie provinces, and there are branches within that. You will find one in Winnipeg, one in Brandon, one in Regina, one in Edmonton. There is the Alberta branch, for example.

Q. What you have in Alberta is a branch of the Prairie Division?

A. That is correct.

Q. And a Mr. Ashenhurst is the manager of that branch of the Prairie Division?

A. That is correct.

Q. Did you refer your brief to Mr. Ashenhurst?

A. We sent it to Mr. Carpenter, the manager of the division.

Q. To Mr. Carpenter?

A. Yes.

Q. Where is he?

A. He is the manager of the division at Winnipeg.

Q. With what industrial concern is he associated?

A. He is a full-time staff man.



Q. He is a full-time staff man?

A. Yes; so is Mr. Ashenhurst.

Q. Well, you did not content yourself with what Mr. Carpenter or Mr. Ashenhurst thought?

A. Why, certainly. We put these in the hands of our division managers and they do certain things with their members, their committee; they have an executive committee; some of them have transportation committees in the divisions.

Q. Can you tell the Commission now what Mr. Ashenhurst did to find out whether or not --

A. No, I cannot.

Q. -- your members in Alberta are satisfied with what you say in this brief?

A. No, I cannot tell that.

Q. Have you a large membership in Alberta?

A. A fair size.

Q. Do you have most manufacturing concerns?

A. That is what they all are.

Q. Do you have the butter-making concerns?

A. I believe we have some there.

Q. The creameries in Alberta?

A. I think some of them.

Q. You don't know whether you have them all or not?

A. Of course not.

Q. Do you know whether or not the creameries of Alberta would support the proposition you are putting forward to this Commission today?

A. Not specifically, no.

MR. O'DONNELL:Q. You don't know that?

A. No.





MR. FRAWLEY: Q. Do you have the packing plants?

A. We do.

Q. And can you say whether they support what you are putting forward to the Board?

A. No, they have not said so, nor have they objected.

Q. Do you have the Canada Cement Company?

A. We have.

Q. And they have a big plant in Alberta?

A. That is correct.

Q. But their head office is in Montreal?

A. Correct.

Q. Do you have the Consolidated Mining and Smelting Company plant at Calgary?

A. You mean at Trail?

Q. No, I do not mean at Trail; I certainly mean at Calgary.

A. Sure, they are members.

Q. Where they are making fertilizers in a very large way?

A. Yes, they are members of the Association.

Q. Do you know where their head office is?

A. Sure; Montreal.

Q. Now, Mr. Brown, just to be very clear about that, what you are saying about these grain rates is that they should be investigated so that their compensatory nature or otherwise can be determined?

A. That is correct.

Q. And you are not saying today whether in the view of your Association they are compensatory or not?

A. I don't know.



Q. And you are not saying whether they are or not because you don't know?

A. No.

Q. And you simply suggest that if they are not compensatory the difference between what a compensatory rate would be and what the farmer is now paying should be borne by a federal subsidy?

A. That is correct.

Q. Your submission says that, just like that?

A. Well, that has been done before.

Q. How much thought have they given to what the repercussions of another federal subsidy in this country would be?

A. I don't know what that would be.

Q. Not at all?

A. No.

Q. When you sat with your sixty eastern Canadian traffic managers did you discuss what the incidence of another federal subsidy big enough to --

A. I think so; I think they thought it would be quite a thing.

Q. What's that?

A. I think some of them thought it might be quite a thing; they did not know.

Q. But they authorized you to say to this Commission, Mr. Brown, that that was the way to do it?

A. Yes, because they did it in the coal case in Alberta.

Q. Now, I want to call your attention to what you say on page 6, Mr. Brown. I want to read to you something



that in my submission has a very serious implication. In the first full paragraph on page 6, starting with the third line down:

"The shippers and receivers of traffic other than that affected by the Crow's Nest Pass Agreement, who are compelled to pay higher rates than would be the case if the same method of payment to the railway company was adopted, as in the case of the Maritime Freight Rates Act, naturally believe that they are unjustly discriminated against and that some adjustment should be made so that the railway company will receive on all of the traffic normal reasonable rates, thus permitting a lower general level of rates."

Now, Mr. Brown, I see nothing in this brief -- let me put it to you this way: your submission to the Commission, then, is that the railway company should receive on all its traffic normal reasonable rates?

A. Well, you can call it normal or call it reasonable. "Reasonable" is the language of the Act; we will call it reasonable.

Q. No, you will have to call them what you call them -- normal reasonable rates?

A. All right.

Q. It is your view, then, to this Commission that the railway should receive on all its traffic normal reasonable rates?

A. Yes.

Q. Of course you know they do not at all, Mr. Brown?

A. I know that they get the best they can.





Q. You know that they have come down sometimes very, very close to out-of-pocket in competitive rates that we have heard so much about?

A. Aren't they reasonable?

Q. I am putting it to you, do you want the railways to receive normal reasonable rates, and if so what is your view on competitive rates?

A. Well, the word "normal" is used to distinguish that that you find in the Maritime Freight Rates Act. The Board sets the normal rate.

Q. Oh, well, you are now limiting these words to a comparison of the Maritime Freight Rates Act and the Crow's Nest Pass rate?

A. The word "normal" is used in that Act to distinguish what the Board finds as a reasonable rate.

Q. You are not refusing the term, then, the way we use it in the Railway Act, meaning the rate which the Board has prescribed as fair and reasonable, namely, the normal rate?

MR. O'DONNELL: Just and reasonable.

THE WITNESS: Just and reasonable.

MR. FRAWLEY: Q. Then is that the rate you mean?

A. Yes. I mean, all those words are used. They are just and reasonable, reasonable rates.

Q. But you know that the railways are today carrying traffic in places where truck competition is very keen or water competition is very keen, down to as low on a ton-mile rate as the Crow's Nest Pass rates, don't you?

A. No, I do not.

Q. What do they charge them between Fort William and Montreal?



A. I don't know.

Q. Isn't that the Crow's Nest Pass rate?

A. No.

Q. You are saying no, Mr. Brown?

A. The Crow's Nest Pass rate applies to Fort William.

Q. Of course, but I am talking about the return to the railway company; isn't it on the same basis exactly as the Crow's Nest Pass rate, which ends, of course, at Fort William?

A. No; as I understand it, the rate from Fort William is not based on the Crow's Nest statute at all.

Q. The rate from Fort William? Certainly not.

A. To Montreal.

Q. You are quite right; it is based, as I understand it, as I have been told, on water competition. I am putting it to you that the per-ton revenue to the railway is as low on the movement from Fort William to Montreal as it is from say Calgary to Fort William?

A. Well, it may be so; I do not know.

Q. All right, then, if you assume with me that it is so; I think if you examine it you will find it is.

A. I don't know. I am not going to assume it if I don't know.

Q. Well, just assume with me, then, that it is the same kind of rate, or take any rate you like which is as low as the Crow's Nest Pass grain rate.

MR. SINCLAIR: Name it.

MR. FRAWLEY: Q. Are you suggesting that there is no rate in Canada as low on a per-ton-mile return to the railway as the Crow's Nest Pass rate?



A. No, I am not suggesting anything of the kind.

Q. But you are not suggesting anything to this Board with respect to how the railways should recover revenue which they have lost by reducing their normal rates to the competitive rates?

A. No; that is a competitive condition that they have to meet.

Q. Perhaps a fair suggestion would be that there should be a federal subsidy to the railways for the difference between what they get by fixing competitive rates and what they would get if they did not fix competitive rates; would that be a fair suggestion?

A. I don't think so, and I don't think you think so.

Q. I am just asking you, Mr. Brown, if you think that?

A. I don't think so.

Q. Now, Mr. Brown, you say that British Columbia is the province that has the good truck regulations and statutes?

A. Well, they certainly seem to have.

Q. Now, you complain, you told my friend Mr. McLean, with respect to Ontario, that rates are not fixed?

A. That is correct.

Q. You are aware that Ontario enjoys as favourable, if not the most favourable freight rate structure in Canada?

A. I wouldn't like to admit anything of the kind. I want to make a little more study of that.

Q. Do you attach any importance at all to the fact that Ontario has not been represented by counsel or otherwise at this Royal Commission?

A. I don't.

Q. Or at any of the rate hearings when rate increases





were asked for before the Board of Transport Commissioners?

A. No, I do not attach any.

Q. You attach no importance to that at all?

A. No.

Q. You do not think that it is just possible that the province of Ontario is very happy with its freight rate structure?

A. I do not know just to what extent the Province of Ontario has investigated this matter, so I could not say what they think or what they don't think; I don't know.

Q. Has it occurred to you that the fact that there is unregulated, ratewise unregulated, truck traffic in this province has had a great deal to do with bringing the freight rate level down to where it is now in the Province of Ontario?

A. Undoubtedly it has had some effect.

Q. You then perhaps would be fair enough to agree with me that it is a weapon in the hands of an area to keep freight rates down wherever it can be made effective?

A. I am not just sure that I understand exactly what you are saying, but who do you suggest holds the weapon? That is what I want to get straight. Do you suggest that the province in some way is holding this weapon and preventing regulation so that the rates will remain low, on that theory?

Q. You told me, Mr. Brown, that there was a possibility, perhaps a probability, that the fact that truck traffic was not regulated ratewise in this province had something to do with keeping the level of rail freight rates down; that is so, isn't it?

A. It had an effect on it, no doubt, because they could do as they pleased, and they did as they pleased.



Q. That is right. Now, I simply put it to you that wherever there is an absence of regulation ratewise -- I am limiting it to rates -- wherever there is an absence of rate regulation, there in that area there would be a possibility to keep the rail freight rates down?

A. You mean rate regulation of motor carriers?

Q. Yes, I mean rate regulation of motor carriers; that is true, isn't it?

A. That tends that way, yes.

MR. O'DONNELL: That is the situation in Alberta.

THE WITNESS: Yes, that is correct.

MR. FRAWLEY: Q. That might be precisely why in Alberta there is no regulation; did that never occur to the Canadian Manufacturers' Association?

A. I don't think so.

MR. SINCLAIR: Is that why they are **represented** by counsel?

MR. FRAWLEY: Q. In your brief, Mr. Brown, you say something about the need to eliminate unfair practices -- I think it is in the printed sheet which is attached to your brief:

"This should also" --

"This" meaning the translation of these principles into adequate statutory form --

"This should also result in reducing waste and eliminating the evils of unfair practices", and I think you told Mr. Covert this morning that one of the unfair practices you had in mind was the tendency to pick and choose traffic on the part of the motor carrier?

A. Correct.



Q. Have you any complaints with respect to the motor carrier traffic in the province of Alberta in that respect?

A. I have not had any, no.

Q. Had none at all?

A. No.

Q. Mr. Ashenhurst is there to look after your interests in every respect?

A. That is quite true.

Q. And Mr. Ashenhurst would be the man whose obligation it would be to report to you any trend that he saw in the Province of Alberta for motor carriers to pick and choose traffic?

A. That is correct.

Q. And he has not had any?

A. That is a question that does not often come to our attention.

Q. Now, you mention another evil that was putting truck lines out of business; have you any familiarity with the practice of the Canadian Pacific Railway in the last few months to buy out any trucking concerns in western Canada?

A. All I know about that is, I saw some pictures with a chart, and I believe some statements to that effect, that they were buying out a lot of motor carriers, but I do not know anything beyond that.

Q. You have not made it your business as Transportation Manager of the C.M.A. to inform yourself fully about that policy of the Canadian Pacific?

A. No, we have not got all the facts together on that point yet.

Q. Do you know of any instances where truck lines have





been put out of business in the Province of Alberta because of the absence of any rate regulation of motor carriers?

A. I do not.

Q. Do you have any transportation concerns -- I think Mr. Commissioner Innis asked you this this morning -- do you have any transportation companies members of your organization at all?

A. We have not.

Q. Either motor carriers or rail or water?

A. Some of our members have their own trucks, but outside of that --

Q. Mr. Brown, I was interested in what you had to say about reparations, and I want to know just what some of the implications --

THE CHAIRMAN: Mr. Frawley, before you leave the other subject:

Q. On page 6, the first whole paragraph there, there is an intimation that certain shippers, as you put it, naturally believe that they are unjustly discriminated against by the Crow's Nest Pass agreement; who are those certain shippers? Where are they?

A. Probably it would be some of our own people who would mention the fact.

Q. Can you tell me where they are and what class of shipments they make?

A. Well, people who ship other goods than grain, because this statute applies only to grain.

Q. Yes?

A. For example --



Q. I know, theoretically; but you state the positive fact here, that these shippers and receivers of traffic -- that must mean railways?

A. No, receivers of traffic would be consignees.

Q. The consignee at the other end, the consumer, you might say?

A. Yes.

Q. You say they naturally believe that they are being unjustly discriminated against?

A. Well, now --

Q. Can you name any class to me or any territory or anything else?

A. No, all I can do --

Q. That we could investigate it further?

A. -- is to say this: in the discussions which took place in our committee such observations as that were made. Now, that is as far as we can go with that. I mean, we have not got anything more than that; we have not got any general statement or anything to give you.

THE CHAIRMAN: All right, go on, Mr. Frawley.

MR. FRAWLEY: Q. You are not able to put on the record the names of anybody who believes, either naturally or otherwise, that they are being discriminated against in this respect?

A. No.

MR. SINCLAIR: That is not what he said -- naturally or otherwise.

MR. FRAWLEY: Q. Mr. Brown, if some of those people feel that they are being discriminated against because of the existence of the low Crow's Nest Pass



grain rates, is it not equally true that those people in western Canada who must pay rates fixed on the principle of what the traffic will bear feel that they are unjustly discriminated against, and they are supplying the moneys to enable the railway company to file low, quite low, truck competitive rates in eastern Canada?

A. I think that is a statement of exactly what some of the issues are before the Board of Transport Commissioners in those cases which are now or shortly may be before them in this general investigation.

Q. I don't know that I quite follow you.

A. Your province, for example, is one; the prairie provinces, Saskatchewan and Manitoba, are another; they are making those very complaints. You are alleging that there is unjust discrimination because of the lower rates in eastern Canada.

Q. Are you talking about the general freight rate investigation?

A. Yes.

Q. Well, we have not made any representations at all.

A. No, but you have had it in those cases that were before the Board before that was announced, and those are issues that have been before the Board on numerous occasions over many years.

Q. And always the Board has found some reason for saying that our complaints do not amount to unjust discrimination under the Railway Act; is that not so?

A. No, I think the Board have made some adjustments.





Q. You said this morning, and in your brief you said, "some adjustments". I say that that proposition, that the western provinces complain that because there is a difference in the manner in which the rates are constructed in the west on the principle of what the traffic will bear, and in the east on the principle of how low must they come down in order to get the traffic--

A. What the traffic will bear.

Q. We regard that as unjust discrimination against us; you yourself put it to me a moment ago that that is how we regard it?

A. That is correct.

MR. SINCLAIR: Is that a question?

MR. FRAWLEY: I am endeavouring to examine the witness, and I could do with a little less interruption from my friend Mr. Sinclair.

MR. SINCLAIR: Well, I must follow it; I must know whether it is a question or not, my lord.

MR. FRAWLEY: You can follow with as little interruption as possible.

THE CHAIRMAN: I think it is susceptible of being answered yes or no, so it is a question.

MR. SINCLAIR: I am sorry.

MR. FRAWLEY: Q. Mr. Brown, will you just tell me whether or not that is the statement you put to me a moment ago, that we regard that difference, that disparity, in the two rate scales as unjustly discriminatory?

A. Yes, I think that is correct.

Q. And has not the Board on other occasions



rejected that complaint and said that therein lies not discrimination?

A. They have not given you what you requested.

Q. I am just putting that to you: have they not said that that complaint does not amount to unjust discrimination?

A. Because you are not able to show substantially similar circumstances in addition.

Q. That is what the reason was; is that not so?

A. That is correct.

MR. O'DONNELL: Lower density of traffic and a lot of other things.

MR. FRAWLEY: Going for a moment to the question of reparations, I want to see, if I can, just how it would work out. Suppose that a carload of canned goods moved from Toronto or from Aylmer to Calgary on a rate which was afterwards found to be discriminatory, and then your new sections with regard to reparations became operative, there would be suit by whom? By the shipper, I suppose, of those goods?

A. Well, whoever paid and bore the money.

Q. Well, that is really what I am concerned about. How would you visualize some remedy, some redress, in that instance?

A. Well, as I understand it, they would follow the practice very much like they do in the States. They make their complaint to the Board of Transport Commissioners, seeking removal of the unjust discrimination and asking for reparation. Some people do not ask for reparation, as you probably know, some of those



complainants.

Q. Suppose that the difference between the rate they should have been charged and the rate that they were charged was \$500 a car?

A. Correct.

Q. And there would be suit or complaint or something of that sort for \$500; that \$500 would be paid over to whom?

A. To whoever was the complainant and proved that he bore those charges.

Q. Well, suppose that at that time the carload of canned goods had been sold to fifty different stores in the Province of Alberta and were all at that time on the shelves of the housewives, all on the unjust rate, on the high rate, let us call it?

A. That is right.

Q. Now, what degree of redress would follow to the point of the consumer in that instance?

A. I don't know.

Q. Would there be any possibility of giving the consumer any redress in that instance?

A. I think in that particular case it might be done by an arrangement with the shipper; on the other hand, it might be done by an action of the consignee, if he could prove that he bore the charges.

Q. Well, if the consignee were a hundred retail storekeepers -- I mean actually, not theoretically -- there might be one consignee in Alberta, it might be the same name of the shipper, it might be Canadian Cannery or Campbell Soup Company in the east and a





branch or subsidiary of that company in the west; I am not concerned with that, but I am concerned with whether or not there would be a very serious danger that that \$500 would be recovered and would go into the profit and loss account of the shipper.

A. That is quite a problem.

Q. You think that is a fair way to work it out?

A. Any things that are unfair about this proposition, which has had long experience in the United States, undoubtedly have been noticed and appropriate regulations issued now. If they have appropriate regulations over there based on a long experience with this sort of thing, it would seem to me that if this finally went in in Canada they would naturally seek the Board or whoever is given the authority to find out what those are and use the best practice. They do that quite a lot.

Q. Now, I just want to ask you one more question. You feel that there should be some examination of the grain rates to determine whether they are compensatory or not?

A. That is the opinion of our committee.

(Page 5873 follows)



Q Would you agree with me that the most practical manner in which to work out that is to call upon the railway companies to prove that the rate is not compensatory?

A That might be one way of doing it.

Q I am putting it to you in your view what might be the fairest and most practical way to do it?

A As I see it - and I have expressed it in here although probably not in the proper language that it should be - the only way you can touch the proposition is to have the Governor in Council issue an Order in Council. The Board cannot deal with it until something like that is done, as I understand it. I may be wrong, but that is my opinion.

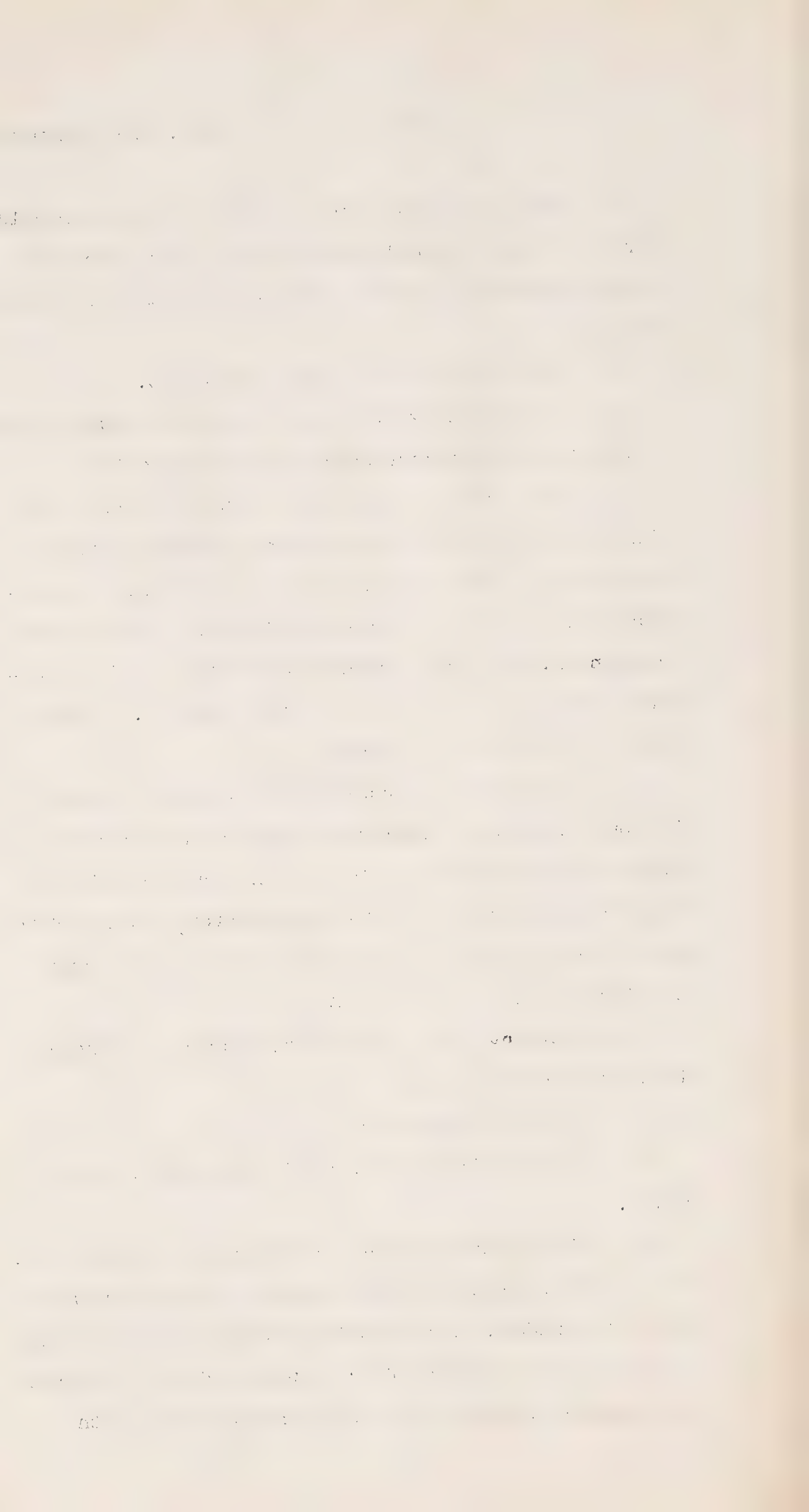
Q Let us not discuss the Board quite so much. We now have a Royal Commission appointed to discuss all phases of transportation in Canada. Are you not content that this matter of the compensatory nature of the grain rates, if it is to be disposed of at all, must be disposed of in this forum?

A You may not have the railway companies proving they are non-compensatory.

Q To this Commission?

A I don't know whether this Commission has the power.

Q Let us not get into any discussion about that. Let us assume that the Commission has complete power to go to the matter. I am simply putting it to you whether or not in your view the fairest way to dispose of what you yourself suggest - and I am only discussing the



mechanics - is to call upon the railways to prove that these rates are not compensatory?

A I certainly thought that was what would happen in any event. Our idea was that the Board of Transport Commissioners, with its long experience, and also having a bureau it can call upon, could handle a proposition of that kind with the provinces coming in to tear the thing to pieces, as it were, as they did in the case of the coal, and find out what is correct and proper. Of course, it would probably be well done here if this Commission did it.

Q I am putting it to you it could be just as well done by this Royal Commission. Have you any objection to that?

A As long as you have people who understand it.

Q I am just putting the question to you. Would you think that was all right?

A It would be all right as far as I can see. That is what we want to find out. That is what we want to know.

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CROSS-EXAMINATION BY MR. SINCLAIR

Q I will come back to the Crow's Nest Pass rates later, but in answer to my friend, Mr. Covert, in dealing with your proposition No. 1, the inherent advantages of each class or type of carriage --

THE CHAIRMAN: Pardon me a moment. What page is that?

MR. SINCLAIR: It is on page 2 of the submission of the Canadian Manufacturers Association, Mr. Chairman.





Q I believe he asked you a question as to whether it should be statutory, which was your view, and he suggested it might be left to the business economy of the country, and your reply to him, as my note has it, was that it was the view of your committee that it would be better to be statutory?

A That is correct.

Q I suggest to you, Mr. Brown, that before you could determine the inherent advantages of each class of transportation, it is necessary to establish first that they pay their fair share of the facilities they are using. Is that not correct?

A I am sure I could not say whether or not it is.

Q How can you determine the inherent advantages of any type of transport if it may not be bearing all the cost that it should properly bear?

A I suppose that is one of the things they have to try to determine.

Q In considering highway transport that would include a fair share of the cost of construction and maintenance of highways and bridges? That is correct?

A It might, yes.

Q If you once established in each sphere of transport that each type was bearing its full and fair share of the facilities they were using, would it not be reasonable to assume that they would find their economic level?

A Well, it might be, but we have had long experience, and there has not been very much of that yet.

Q Is that not proof of the fact that certain



elements of the highway transport media are not bearing their full share of the facilities they are using?

A That, of course, is something I cannot tell you because I don't know.

Q But you would agree with me that is a matter that should be gone into?

A Certainly it is a matter that should be investigated. I think it has been more in the United States than here, and I do not believe they have found the real answer yet.

Q But they are working on it?

A Yes.

Q My friend, Mr. McLean, mentioned two provinces where it is necessary to get certificates of public convenience and necessity before a carrier operates Ontario and Manitoba. Let us take Manitoba first. I presume you know there are highway transport operators running between Winnipeg and Brandon on regular schedules?

A I believe so. I think we have a book in the office that shows that.

Q Do you know that Brandon is served by both the Canadian National Railways and the Canadian Pacific Railway Company?

A Yes.

Q I presume you know - and if not I think it is only right I should tell you - that the railways did oppose the granting of highway certificates on that route on the basis that it was adequately served, and yet licences were granted in the discretion of the Board?



A I did not know that, but talking about Brandon, was there not something about the railway company trying to get a certificate and not getting it?

Q No, I think they have one there, Mr. Brown.

A Perhaps that was the first one. It was knocked out and they tried again.

Q No, I think your facts are a little mixed up. They have one that operates between Winnipeg and Brandon.

THE CHAIRMAN: Who has one?

MR. SINCLAIR: Canadian Pacific Transport.

THE CHAIRMAN: Then in addition there are truckers licensed by the province?

MR. SINCLAIR: The largest truck line in Manitoba runs between Winnipeg and Brandon.

THE CHAIRMAN: The railway opposed the granting of that truck licence on the grounds that the territory was adequately served by the railways?

MR. SINCLAIR: Quite so.

THE CHAIRMAN: But you were unsuccessful.

MR. SINCLAIR: Quite so.

Q So much for Manitoba. That is one instance. Let us take Ontario. You know the territory between Toronto and Windsor, Ontario?

A Yes.

Q That is served by the Canadian National Railways and the Canadian Pacific also, is it not?

A I don't know. I am not as familiar as I might be with what the Canadian Pacific and Canadian National services do in the motor truck area.

Q I am talking about rail service. There is





rail service between Toronto and Windsor, Ontario?

A Correct.

Q And I am correct, am I not - you correct me if I am wrong - that there are a number of highway transport operators holding certificates of public convenience and necessity to operate in competition with the railways between Windsor and Toronto?

A There are.

Q And that is true on many of the runs in Manitoba and in Ontario, is it not?

A In Manitoba I don't know to what extent, but I know there are a number of truck lines operating out there. We have a book in the office that gives a list of them.

Q It is a very large book, is it not?

A A fair size. Of course, Ontario and Quebec are the big ones.

Q There are more people down here ?

A That is right.

Q Now, I think you said in answer to my friend, Mr. Covert, that you would advocate the Dominion taking over control of interprovincial and international trucking. Until they do take over control the movement of goods across interprovincial boundaries or across the international boundary is not controlled by anyone? That is correct, is it not?

A That is correct.

Q Is it not a little inconsistent for you to say that you think trucks should be controlled and yet allow this field to remain controlled by no one?



A The opinion of our committee on that was, as I think I said at the outset, that the highways are owned by the province, most of them anyway, and that they are maintained by the province and the province has full control, that a large amount of the traffic is intra-provincial, within a province, and that being so if you could get the various provinces to regulate rates and services, as they do under the Railway Act, then that would be a long step in the direction of what we had in mind, and it would avoid serious difficulties between the federal and provincial governments until you had something that you could point to and say, "see, that is all right; now we will bring in this if it is necessary." That is if it is necessary. It might not be necessary at all.

Q I suggest to you, Mr. Brown, that the movement of goods over a provincial boundary can never be controlled by a province?

A No, but it can be controlled in this sense, if all the operators are working in a province that does this sort of thing, and they have their whole setup worked out that way, the mere fact that they cross over into another province means that they will merely extend the same kind of setup. That is the opinion of this committee of ours when they dealt with this matter. That may be right or wrong.

Q Do you not think it might be a proper way to handle it for the Dominion to take control over inter-provincial and international trucking, where they have jurisdiction, and by their legislation and by their



regulation, and policing of that regulation, lead the way, as a reasonable manner in which to handle this problem?

A All I am giving you --

Q Have you thought of that?

A All I can give you is my opinion on that, and that is if the federal government starts to do that sort of thing without consulting the provinces you will never get anywhere.

Q You are thinking of the matter of cooperation between the dominion and the provinces?

A Absolutely; I think there is no question about that.

Q I think, Mr. Brown, you told my friend, Mr. Covert, in dealing with your fourth point on page 2, that you were not suggesting that the appeal to the Governor in Council should be done away with. I ask you to look at that fourth recommendation of yours. You say:

"....staffed with experienced personnel  
and be independent in dealing with matters  
falling within their jurisdiction."

I presume you know that under section 52(1) of the Railway Act, which gives the right of appeal from the Board of Transport Commissioners to the Governor in Council, that it is not restricted to matters of fact but includes matters of law as well?

A Yes.

Q Do you think that the Governor in Council has an experienced staff of transportation experts to advise them and assist them?





A I don't know that I could offer you any observation except this, that a number of appeals to the Governor in Council have been referred back to the Board of Transport Commissioners with some remarks which were to the effect, if I recall correctly, that they wanted the Board to re-examine this position, take into consideration certain matters which appeared to have been brought to their attention, and to do whatever they thought was proper. No doubt they did that because of the fact that they did not feel they could handle a matter of this type themselves.

Q So therefore no useful purpose was accomplished. It was just all sent back again?

A I don't know that you can say that at all because some of the referrals have resulted in adjustments for those who have complained.

Q They have?

A Yes, to some degree.

Q What ones are they?

A The general investigation they had resulted in some adjustments, the previous general investigation.

Q You say that was the result of that referral?

A I think so. They issued an order in council about it.

Q Do you think that with certain persons appealing that the party giving the decision should be the party who heard the evidence?

A It seems rather odd.

Q That would be pretty primary, would it not?  
Do you think that the Governor in Council is always in



that position when he hears appeals from the Board?

A I don't know what the Governor in Council thinks.

Q Have you ever looked at these cases and considered whether an appeal had been taken and heard by one tribunal, one group of men, and then the government has changed, and a different group of men entirely come in and give a decision?

A That is true.

Q Not having heard the evidence?

A Yes. It has many frailties.

Q Was the Board of Transport Commissioners not set up so that railway matters could be dealt with away from the political arena?

A Correct.

Q Is not an appeal to the Governor in Council merely putting certain railway matters back in the political arena.

A It has that tinge to it, but there was the way it was arranged.

Q I suggest to you --

A It has been that way since 1903 when they first did it. In other words, parliament divested itself of what it had before in the railway committee when it used to deal with matters of this kind, but kept a rein on it by having this Governor in Council appeal.

Q They would always have a rein on it, would they not, because the Act can always be amended?

A There is no doubt about that, but nevertheless they thought they wanted a little closer rein.

Q If that was the answer in 1903 on account of



circumstances it might not necessarily be so today?

A I don't know. It has frailties. There is no question about that, but our committee is not prepared to make any statement on that point.

Q On page 7 of your brief you are dealing there with the matter of statistical reports from the railways?

A Yes.

Q And particularly in regard to the separation of freight and passenger expenses?

A Correct.

Q The reason why you want them to be separated is so that it will enable you to see whether passenger traffic is paying its way. Is that it?

A If a case comes before the Board for a freight rate increase we will be able to find out something about the cost in total of that particular service.

Q And that is the real reason?

A As a result you do find out something about the other.

Q That is the real reason for asking for it?

A Yes, I think that is the real reason.

Q I would suggest to you that can be accomplished by mere periodic investigations or studies, and having those figures put forth, and without any necessity of having these regular separations taking place. That would satisfy your purpose, would it not?

A I am not sure whether it would or not, but it struck our committee that as it was being carried on in the United States, and has been for years, and there seems to be no great trouble, and even the Canadian





railways which have branches in the United States are prepared to do it without any difficulty, why could it not be done here?

Q I am suggesting to you that there is the matter of expense involved?

A That may be.

Q It takes a lot of accounting staff to maintain records. That is a charge that must be borne by the travelling and shipping public of Canada. That is correct?

A I have no doubt.

Q And if it will not serve any useful purpose, except for rate applications, why would not periodic studies when they are needed, be the best way to do it instead of preparing regular reports?

A I don't know that I could answer that question definitely.

MR. SINCLAIR: Just for the information of the Board --

THE CHAIRMAN: You mean for our information?

MR. SINCLAIR: For the information of the Commission, I am sorry. In view of some of the remarks made by Mr. Frawley I should like to say that the Crow's Nest rate from Calgary to Fort William - I will get a point that is the same --

MR. FRAWLEY: It does not move that way really, Mr. Sinclair.

MR. SINCLAIR: Just a minute, Mr. Frawley. You will have all kinds of opportunities.. Do not anticipate what I am about to say and we will get along a



lot better and faster.

MR. FRAWLEY: I agree with that.

MR. SINCLAIR: Let us take a point west of Fort William 995 miles. St. Alphege, Saskatchewan, to Fort William, is 995 miles and the rate is 23 cents, or .46 cents per ton mile. Take Fort William to Montreal. That is the rate that Mr. Frawley was saying was the same as the Crow's Nest. It is 994 miles, one mile shorter than the former one, and the rate is 38 cents a hundred, or .77 per ton mile. Let us go to Alberta. Calgary to Fort William is 1,243 miles and the rate is 26 cents a hundred pounds, or .42 cents per ton mile.

THE CHAIRMAN: It is about the same as the rate for the first point you mentioned?

MR. SINCLAIR: These are Crow's Nest Pass points to Fort William. Mr. Frawley made the statement they were the same rate east of Fort William.

THE CHAIRMAN: You are talking now of Calgary.

MR. SINCLAIR: I gave the rate for Calgary to Fort William, and for St. Alphege.

THE CHAIRMAN: How much is the one from Calgary?

MR. SINCLAIR: Twenty-six cents.

THE CHAIRMAN: What is the percentage?

MR. SINCLAIR: It is .42 cents.

THE CHAIRMAN: What is the first figure you gave us?

MR. SINCLAIR: That was 23 cents to Fort William, .46 cents per ton mile, and east of Fort William, Fort William to Montreal, the rate was 38 cents, or .77 cents per ton mile. I know that Mr. Frawley --



THE CHAIRMAN: What is the question that arises out of that?

MR. SINCLAIR: In talking to Mr. Brown Mr. Frawley said that the rate east of Fort William, even where there was no Crow's Nest Pass, was the same as the rate to Fort William from western points.

MR. FRAWLEY: That must have been as a result of the increase. That must be the 21 per cent increase.

MR. SINCLAIR: I am talking about right now.

MR. FRAWLEY: Before the 21 per cent increase those rates were the same.

MR. SINCLAIR: I am talking about the present situation. I cannot go too far back. It is what the situation is now when Mr. Frawley was talking.

MR. FRAWLEY: You know what I mean all right.

MR. SINCLAIR: Q. Mr. Brown, I think in reply to my friend, Mr. Frawley, you said that you had to face facts, and the Crow's Nest Pass rates have been at the present basis for some fifty years. As you know those rates were fixed 3 cents below the rate existing in 1897, and there were no changes in the general level of rates until during the first great war at which time the Crow's Nest Pass rates were suspended, and the Crow's Nest Pass rates bore the increases along with other rates until 1922. That is correct?

A Under the War Measures Act; that is correct.

Q Until 1922?

A Yes.

Q So actually until they were put back to the Crow's Nest Pass level of 1897 in 1922 the Crow's Nest





Pass rates were just 3 cents below. Is that correct?

A That is correct.

Q But then in 1925 the agreement was set aside, and these so-called Crow's Nest Pass rates became statutory rates under the Railway Act. Is that correct?

A As I understand it, the statute itself was not cancelled. The statute itself was between the Canadian Pacific Railway and the Dominion Government, but what happened was that by an amendment to section 525 --

MR. O'DONNELL: 325.

THE WITNESS: If I am correct in this, it was extended so that it applied to the Canadian National Railways by that section, but the statute itself still remains as between the C.P.R. and the Dominion Government.

Q.  
MR. SINCLAIR: /That is your understanding of it?

A That is my understanding. It was extended, and as you will probably remember --

Q I do not think you are right.

A Very well.

Q I think the statute makes it very clear that the agreement that was set forth in the statute is no longer operative?

A The agreement on this grain?

Q Yes, and that the provision that governs is that set forth in section 325 (5) of the Railway Act which makes the level --

THE CHAIRMAN: You have referred to a statute o.f 1925?

MR. SINCLAIR: It was an amendment that was brought in in 1925.



THE CHAIRMAN: An amendment to the Railway Act?

MR. SINCLAIR: An amendment to the Railway Act in 1925.

MR. O'DONNELL: Incorporated in section 325.

MR. SINCLAIR: It is the proviso to subsection 5 of section 325, and at that time there was also an amendment by adding subsection 6 to section 325.

THE CHAIRMAN: That reads:

"Provided that, notwithstanding anything in this subsection contained, rates on grain and flour shall on and from the twenty-seventh day of June, one thousand nine hundred and twenty-five, be governed by the provisions of the agreement made pursuant to chapter five of the Statutes of Canada 1897."

MR. SINCLAIR: That is right. That statute made the level, but that statute no longer governed the rate.

THE CHAIRMAN: How do you mean? I just read it. It reads:

"....shall....be governed by the provisions of the agreement made pursuant to chapter five of the Statutes of Canada 1897....."

MR. SINCLAIR: Quite so.

THE CHAIRMAN: Shall be governed by this.

MR. SINCLAIR: As to the level.

THE CHAIRMAN: ".....but such rates shall apply to all such traffic moving from all points on all lines of railway west of Fort William to Fort William or Port Arthur over all lines now or hereafter constructed



by any company subject to the jurisdiction of parliament."

I have not grasped yet what you mean to say when you say that the agreement does not govern.

MR. SINCLAIR: My point is that the agreement of 1897 fixed a level of rates 3 cents below the existing rate in 1897, and it was applicable, as held by the Supreme Court, to shipping points in existence at the time the agreement was entered into. This section was amended to provide, in my view, that the level of rates as fixed by the agreement would be operative, but that instead of the provisions of the agreement applying as to what shipping points, and the other terms and conditions that would govern, it would apply to all shipping points.

THE CHAIRMAN: I see.

THE WITNESS: I agree with that. That is what I understood.

MR. SINCLAIR: So the agreement has been superseded by the statute.

THE CHAIRMAN: By the difference made in the points where it is to apply.

MR. SINCLAIR: There is no difference in the rate.

THE CHAIRMAN: The statute adopts the agreement and said that hereafter and henceforth it shall apply to all traffic moving from all points on all lines of railways, and so on. That is right?

MR. SINCLAIR: Quite so.

THE CHAIRMAN: It extends the territory of the system.

MR. SINCLAIR: I say it supersedes the agreement.





THE CHAIRMAN: I know, but in that way, by a statutory provision where it says it shall apply further than it originally applied.

MR. SINCLAIR: Quite so, but the point I am making with the witness is that you would agree that under the circumstances therefore the Crow's Nest Pass rates as they now exist have been in their present form and to their present extent only since 1925?

THE WITNESS: In that extended area, yes.

MR. SINCLAIR: Q. Am I not correct that the Crow's Nest Pass rates were later extended by the Board to apply through Pacific Coast ports for export?

A What the Board did there was to make a finding that the rates for export to Vancouver should be on a certain basis, and that basis was the Crow's Nest Pass basis.

Q That is right, so that therefore the agreement of 1897, which was to move a relatively small amount of grain from a small amount of shipping points, has mushroomed out by amendment to statute and board 's order to apply to all grain moving to Fort William from all points in western Canada, and moving from all points in western Canada through Pacific coast ports for export. That is correct?

A That is correct.

Q So when we face facts we have to face them from changing conditions in regard to the applicability of the Crow's Nest Pass rates.

A Yes.

Q As I understand your submission on Crow's Nest rates, Mr. Brown, it is that they should be studied to



see if they are not unduly low in view of the present costs of moving the traffic?

MR. FRAWLEY: That is not what he said. Let us be fair.

MR. SINCLAIR: Just a minute, Mr. Frawley. I asked him if that was what he said. He is quite competent to answer me.

MR. FRAWLEY: You would not consciously put something to him that you knew he had not said.

MR. SINCLAIR: No, indeed not. You will have plenty of chance to argue it later. I think Mr. Brown has shown himself competent to look after himself without having Mr. Frawley, counsel for the consumer, and counsel for Alberta, looking after him. Would you mind answering the question?

THE WITNESS: You have asked me a question --

THE CHAIRMAN: What is your question?

MR. SINCLAIR: Perhaps the reporter will read it.  
Reporter reads:

"Q. As I understand your submission on Crow's Nest Pass rates, Mr. Brown, it is that they should be studied to see if they are not unduly low in view of the present costs of moving the traffic?"

---

Page 58'95 follows



THE WITNESS: Those words "unduly low" are what started the argument. I am trying to find where we said "unduly low." I do not think we said that. We used words like "low and reasonable rates" and things of that type. What we wanted to do was find out the facts.

THE CHAIRMAN: Q. You said that other shippers of traffic believed they were unjustly discriminated against?

A. That is right.

MR. SINCLAIR: Q. Is it not a fact that if these rates are not unduly low that other traffic is not being prejudiced?

A. If they are not unduly low, that settles it.

Q. So, is it not a fact, or is not your submission that a study should be made to see that these rates are not unduly low?

A. The Board should determine what are reasonable rates.

Q. And if the rates are reasonable, then they are not unduly low?

A. They might be only one per cent low.

Q. That would be unduly low, would it not?

A. It depends on what you are considering in your reasonable rate set-up.

THE CHAIRMAN: Q. It should be ascertained whether these rates are too low, and if so, could they not be changed? Would that be your view?

A. That is correct.





MR. SINCLAIR: I am coming to that point, my lord.

Q. Now, assuming that after this study is made your proposition is that if the rates are found to be low, then you do not wish the low rates to be a burden upon the railways and the shippers of other traffic? Is that correct?

A. That is the idea.

Q. Now, I want to discuss that proposition with you for a minute. Can you agree that no truckers should receive special privileges, whether by statute or otherwise, unless there is good and sufficient cause for such treatment?

A. Maybe I would put it this way.

Q. Do you mind answering my question?

A. That would be a good way of putting it; good and sufficient cause.

Q. You would agree with me?

A. Yes.

Q. Thank you. Now, if any traffic has a special privilege, should not the public, the shippers, the consumers, and the railways be convinced that such traffic requires that special privilege for the good of Canada as a whole?

A. In the national interest, apparently, the Government has done what they have done.

Q. If the traffic has a special privilege, should not the public and other shippers and the railways be convinced that that traffic requires that special privilege in the national interest?



A. Yes, but everybody would have to pay for it.

Q. You agree with my statement?

A. Yes, if it is a thing put in in the national interest, it has to be done.

Q. You would also agree, I hope, that it would be uneconomical to subsidize any production which does not require it?

A. Truly.

Q. In view of the technological advances in farming, is it not reasonable to assume that the cost of production of grain has not increased as rapidly as have other costs of production?

A. I do not know a thing about it.

Q. You do not know a thing about it?

A. No, sir.

Q. Well, if the cost of producing grain, on account of advances of various kinds, has not increased as much as other production, that would be a factor to be taken into account, would it not?

A. By whom would it be taken into account?

Q. By any person who was studying this problem.

A. I would imagine they would have to study it.

THE CHAIRMAN: In arriving at proper railway rates?

MR. SINCLAIR: In arriving at whether special privileges should be given.

THE CHAIRMAN: Or in any other way?

MR. SINCLAIR: Or in any other way.

MR. SINCLAIR: Q. Now, as a representative



Canadian business man, and having some knowledge of competitive conditions, of markets, and what not, you would agree with me that grain prices are pretty buoyant at the present time?

A. Are not grain prices controlled, to some extent, in Canada?

Q. Never mind that. I am asking you if they are not pretty buoyant?

A. I cannot answer because I am not an expert in that sort of thing. I do know that prices are higher than they were, but I think the matter is pretty well controlled in Canada, is it not?

Q. We will come to that in a minute. If the farmers of Western Canada would require special privileges in regard to low grain rates, they should receive them. That is correct, is it not?

A. I suppose it is.

Q. So therefore, the second point to determine under this study is whether or not the Western farmers require special privileges in regard to the movement of their crops?

A. We do not say anything about that in the submission.

Q. I am just discussing it with you.

A. We have not studied it and I am not authorized to say anything about it.

Q. But it is a logical inference?

A. It may be; I do not know.

Q. Assuming that it was established that the farmers of Western Canada did require special privilege,





would you not agree with me that that assistance could very well vary with the yield of the producers?

For instance, a farmer in Saskatchewan may not require as much assistance as the farmer in Alberta?

A. I would not like to try to answer you without a lot of study.

Q. That is a matter which should be taken into consideration?

A. That might well be. Many things should be taken into consideration.

Q. Mr. Frawley asked you a question: whether a large national subsidy was not a matter of concern to your own members. Is it not a fact that today the Government is giving a large subsidy to western farmers, if the rates do not afford a fair share of the movement of traffic?

A. Whoever bears the burden is paying the freight.

Q. So the money is going to the western farmers today, in any event?

MR. FRAWLEY: On that same assumption.

MR. SINCLAIR: Of course, Mr. Frawley, of course.

Q. Have you ever considered that since we now have a government agency handling wheat and coarse grains, that assistance to western producers can easily be given by fixing the price the farmer can receive for his wheat, barley and oats? It is within their hands to give the farmer special assistance by the fixing of those prices?

A. I guess they have the power to do certain things with the price, as they are doing it.



Q. I understand that today, for the present crop year, that any wheat which is not sold under the British contract, under the international wheat agreement, will draw \$1.80 a bushel?

A. I do not know.

Q. Now, that is the ceiling price, my friends say. And if the price falls below \$1.80, and is still below the ceiling price, and is still above the floor price, the question of any increase of transportation charges and their incidence, would be a matter of some difficulty to determine?

A. It might be.

Q. The Canadian Pacific Railway in its outline submission stated that it was against the extension of the principle of the Maritime Freight Rates Act. That was at page 11, paragraph 35, of the Outline Submission of the Canadian Pacific Railway.

A. I have not read that yet; you are just telling me.

Q. Well, that is set out there. Now, your transportation committee of the Manufacturers Association, I take it, are not wedded to giving assistance to western farmers through manipulation of the freight rates, if they do need special assistance?

A. I do not think they have ever considered that situation.

Q. So that they just merely attack that method of giving assistance because that had been in effect since 1927?

A. If it is there as a fact, and they see it, all



right. If it is too low, they say the way to do it is as shown.

Q. But it might be just as good a way to do it, by fixing the price?

A. They considered it directly from the transportation standpoint.

Q. They did not consider other ways of giving assistance?

A. No.

Q. You would agree with me when a person has a special privilege, and the whole of the transportation problem of Canada is being considered, that there is a duty upon him to come forward and say that he is entitled to rates, not special privileges, but to rates which he may have?

A. Before this Commission?

Q. Yes.

A. If he might have it taken away from him, that is what he would do.

Q. Some people might say: Why give this man a special privilege? People have said that. But that would be the thing to do, would it not?

A. No, I do not think so.

Q. Mr. Frawley yelled "No" from the back of the room.

MR. FRAWLEY: No, no, I said not a word.

THE WITNESS: Perhaps I do not understand your question.

MR. SINCLAIR: Q. I said that in a general





transportation inquiry, that any person who had a special privilege -- it would be, I suggest to you -- it would be his duty to come forward and say that he required that special privilege.

Q. When you put it as a duty, maybe so. But I think it would be more or less the other way round. If he thought it might be taken away from him, he might want to come here and show why he should have it. I am thinking of self-interest, more or less, because that is what a lot of people would do.

Q. I am thinking of him as a Canadian, and that he has his duty to perform.

A. All right; we will say that is right.

Q. A statutory rate is a special privilege, is it not?

A. I do not know what you would call it.

Q. That might be one of the kindest things to call them.

A. Apparently those we are speaking of were established after careful consideration by parliament.

Q. But were they?

A. Surely, as I understand them.

Q. Consider the Crows Nest Pass grain rates of 1925?

A. I think that was something to aid what they thought was necessary in the national interest, as aid in the national interest.

Q. And the necessity for the Crows Nest Pass grain rates was determined upon conditions existing at that time?



A. You mean that conditions might change, and they might completely disappear? I do not know. It is possible.

Q. It is possible. Now, I have just a couple of questions on reparations. You deal with them on page 8 of your brief and the following; and you say that legislation should be amended so that reparations should be granted when rates are found to be unreasonable or unjustly discriminatory.

I think you will agree that if there is an overcharge in the rates, there is no necessity for any amendment of the legislation?

A. No, because of the charging of a rate which is not legal.

Q. Because the railway automatically refunds it to you?

A. Yes, and if there is an undercharge, they collect.

Q. It works both ways. So, if there is an undercharge, they are bound to collect it, and if there is an overcharge, they are bound to refund it. Your recommendations are based on the American practice?

A. Yes.

Q. You would agree that in the United States reparations are very, very rarely awarded?

THE CHAIRMAN: Q. You say they are based on what? Is this Statement C copied from the United States legislation?

A. It is not exactly, no. There is some difference.

Q. But it is based on it?



A. It is based on it, that is correct.

MR. SINCLAIR: Q. You would agree, would you not, that in the United States reparations are very, very rarely awarded, following a finding of unjust discrimination?

A. I do not know just how I can answer you. I have seen a number of cases, and I know there is a lot of them. I know there are a lot of them which did not award reparation.

Q. Is it not a fact that most of the reparations awarded in the United States are based on rates found to be unreasonable?

A. You mean, instead of unjust discrimination?

Q. Quite so.

A. That may be so.

Q. And is not the reason for it that, before reparations will be awarded following a finding of unjust discrimination, you must prove that you have suffered damage?

A. That is correct. They tied it up tight.

Q. And that is practically impossible today?

A. I do not know. They do it.

Q. Do they do it?

A. It has been done.

Q. It has been done on rare occasions?

A. I do not know how rare it is. I would have to study a lot of decisions to find that out.

Q. These traffic experts so-called -- I do not want to give them that adjective -- but these traffic experts, they live off these claims, do they not?





These traffic experts live off these claims, many of them, in the United States, do they not?

A. I hope you are not trying to put them in the class of the audit bureaus which audit freight bills.

Q. Call them claims bureaus.

A. There are certain people in the business of checking freight bills and making claims on carriers and others, through powers of attorney and otherwise.

Q. Is it your proposal that you want to have these jackals inflicted upon us in Canada here?

A. I did not know that they were of that type. But, in any event, we have some people in Canada who do that sort of business. But I would not call them jackals.

Q. A man who takes a claim on a percentage basis, let us say 75 per cent of the recovery, what would you say he was?

A. He is a man in the business of doing it.

Q. You think it is a fair rate?

A. We would not recommend it to our members.

Q. No, I do not think so.

A. If they asked us our opinion, we would not recommend that he give 50 per cent of his stuff away.

Q. The bringing of claims on a percentage basis is a very unsavoury business?

A. I would not make any such statement as that. I know there are people in the business, and they are called by some, as you describe them. But I would not want to say that myself, because I do not know.

Q. If they had reparations legislation in Canada,



the railways would have to have a reserve for reparations claims, would they not?

A. I do not know.

Q. The American roads do, do they not?

A. I do not know.

Q. If they did set up a reserve, which I consider might be a good idea, that would be an expense of doing business, would it not?

A. For possible claims?

Q. Yes.

A. You set up a claims reserve now for your loss and damage. And I suppose you might try to do that for this.

Q. So therefore any additional expense borne by the railways, or set up by the railways, would have to be borne by the general level of rates for the movement and distribution of goods?

A. Yes, if it is an expense item properly chargeable, it would certainly be so. But that is a question which might have to be argued.

Q. Under the Interstate Commerce Commission Act rates can only be reduced on thirty days' notice?

A. Unless special permission is granted.

Q. Whereas, in Canada, they can be reduced on three days' notice?

A. That is correct.

Q. So therefore there is a delay under the American practice?

A. In making reductions, you said?



Q. On that basis alone there is a very great difference between the Canadian and the American practice?

A. The Commission could grant short notice if necessary, but as to what they do in the United States in that respect, I do not know.

Q. You know that the Government of the United States brought actions against the railroads of the United States for reparations amounting to somewhere between two and three billion dollars?

A. I have been reading about it recently.

Q. And you are aware that the shippers and consumers come before the Interstate Commerce Commission to raise their voice against the awarding of reparations on the movement of war material?

A. Yes.

Q. And for the simple reason that it is imperilling the financial set-up of the railway carriers of the United States, and that it would no doubt result in higher charges to the shippers and consumers?

A. That is the fear which impels them, undoubtedly, because it is an enormous amount; and whether they would ever win it is another question.

Q. So these reparations can get many people into trouble?

A. That example indicates the size that it could be, that is true.

MR. SINCLAIR: That is all, my lord.





CROSS-EXAMINATION BY MR. O'DONNELL

Q. MR. O'DONNELL: I have just a few questions, my lord.

Q. With respect to your remarks concerning agreed charges, Mr. Brown, I understood you to say that the Canadian Manufacturers Association had made representations to Parliament at the time that that legislation was being considered, and that as a result of them, certain amendments were made in the legislation as it finally appeared on the statute books?

A. I think that could be said to be so.

Q. And I take it that you might agree with this: that the intent of the agreed charges provisions in the Transport Act is to assist the revenue position of the railways?

A. That is the idea.

Q. And without the benefit of the agreed charges whereby, for instance, the railway would make a contract with the shipper to get all the shipper's traffic, the shipper would be in a position, if he were using, for instance, low rated heavy basis raw materials, to use the railway for the purpose of bringing those materials into his plant, and then, upon shipping the finished product, distribute them on a higher rate, more remunerative as a type of traffic, and shipping them out of his plant by using trucks or some other media of transportation?

A. What the railways were trying to do was to secure a tighter proposition with a firm contract which



they could not do without this legislation, so as to get the business and hold it.

Q. But isn't that the very thing that a competitive rate or a special tariff would not necessarily do? In other words, a shipper could use a special rate or tariff, as it suited him; whereas, if he had an agreed charge, then he must use the railways at all times?

A. That is true. That would be a joint agreement as against a firm contract.

Q. And the shipper, if he were not in the agreed charge, would be free to use a competitive rate or a special rate, as it pleased him?

A. That is true.

Q. But with an agreed charge, then he must use the railway at all times?

A. Yes, to the extent of the agreement that he says he will do so.

Q. And from your knowledge of these agreements, you would agree, possibly, that they have bettered the revenue position of the railways in such cases where they have been put into effect?

A. I have not any particular figures to look to on that point, but I believe that is so.

Q. Under the provisions of the Act, and particularly the provisions of Section 36, subsection 13, clause (a), the net revenue of the carrier must be looked at by the Board of Transport Commissioners before it approves any agreed charge?

A. I believe the Board turned down one on that basis.



THE CHAIRMAN: You say the net revenue of the carrier?

MR. O'DONNELL: Yes, my lord. The net revenue of the carrier is one factor which must be looked at, and unless the railway can make out a better case it is not likely the agreed charge would be approved.

Q. I take it that with respect to page 4 of your brief, Mr. Brown, concerning territorial differences in rate levels, I understand it is the feeling of your Association that, under the Railway Act as presently on the statute books, and by reason of the powers of the Board of Transport Commissioners, they think there is sufficient provision therein made for the handling of such matters as you set out in that paragraph of your brief?

A. That is what we believe; and the further fact that the railway companies now are putting forth plans to bring about this idea of uniformity, to the extent that it can be done.

Q. And in that connection you refer to the remarks to be found in the application of the railways for a 20% increase, which is presently under review by the Board?

A. That is right; that is the first time it has occurred.

Q. Concerning your suggestion that there should be a division of passenger and freight expenses, in view of the fact that the railways must furnish passenger service in any event, under the provisions of the Railway Act, section 312, and other relevant sections; is there

007. 1222.



any particular advantage in forcing the railways to incur the expense of keeping the distribution of the kind you suggest, bearing in mind that the passenger service must be furnished in any event?

A. Our committee thought it was worth while to make this statement in regard to that in the manner in which they have done it. And that is their considered opinion.

Q. You did mention, when talking about reparations, overcharges and undercharges; and you referred to the practice of the Interstate Commerce Commission, but you said nothing further about undercharges. Undercharges would be charges which were too low?

A. Lower than the legal rate.

Q. Lower than the legal rate; and they would be charges which the railways had made a mistake in?

A. No. That is not what I mean. When I talk about undercharges, I mean where the railway companies employ a charge or rate which is lower than the legal rate. Then the commodity office checks it up and says: That is too low. We should charge this rate, which is the legal rate. And they go to the shipper and say: You must pay us this much more money.

Q. You have no complaint about that?

A. That is carried on.

Q. What would be wrong with the further refunding of that, in the case of the railway making a mistake in the rate, even as you say? It might have made a mistake in the rate when overcharging. Why should not the railway



be in a position to recover the difference between what it had charged and what was the fair or just and reasonable rate?

A. You mean that the railway companies would establish lower rates than they should?

(Page 5917 follows)



Q. If they had done it by mistake, as you suggest, that they might have made a mistake in charging -- in other words, work the proposition in reverse -- why wouldn't that be fair?

A. Well, it might be.

Q. Because we have had people in the west who agreed that if the railways were to be asked to make reparations in cases where their rates were too high, they should in the reverse situation be entitled to get reparations where the rates were too low?

A. The only thing about that is this, that the railway companies have all of the advantages. They can make these rates, they have their people who work on these matters, who prepare these tariffs, and therefore they can, as it were, do almost anything they like in the publication of these rates. That being so, the shipper who has to wait till he sees what they are to find out what it is is in a little different position.

Q. But if the railway has made a bona fide mistake, and the rate is really too low, then why should not the railway be entitled to the same type of reparation as you are suggesting the shipper should have in the reverse case?

A. You are talking now about a rate that was made in a tariff when it should actually have been published as 28 cents was actually published as 20.

Q. By mistake?

A. A typographical error.

Q. The same kind of mistake you refer to?

A. Well, there is just a question how far that should go.





Q. You have nothing you would like to say on that?

A. No, I do not think there is anything I want to say on that.

Q. Now, you were asked concerning cases of unjust discrimination and undue preference, and it was suggested to you, I think, by Mr. Frawley, that it was very, very difficult to establish unjust discrimination and undue preference. I gathered from what you indicated that in your view each case of that type has to be considered on its own merits?

A. Of course.

Q. And that on the records and on the books there are many judgments where the application was refused, and there are other cases where it was maintained?

A. That is correct.

Q. And that the Board has the jurisdiction to consider those cases under the law as it stands at the present time, and your Association thinks that it has all powers necessary in that respect?

A. Yes.

Q. That is all, thank you, Mr. Brown.

THE CHAIRMAN: Are there any other questions?

(No response).

MR. COVERT: Thank you, Mr. Brown.

THE CHAIRMAN: What about tomorrow?

MR. COVERT: Ten-thirty tomorrow.

THE CHAIRMAN: You have something?

MR. COVERT: Yes.

---The Commission adjourned at 4:34 p.m. until 10.30 a.m.,  
Friday, August 5, 1949.

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